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CITY OF BAKER, LOUISIANA
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE
YEAR ENDED JUNE 30, 2008

The Honorable Harold M. Rideau, Mayor

Council Members

James "Jimmy" Pourciau
Fred O. Russell
Carlton Simpson
Dr. Charles Vincent
A. J. Walls

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/22/09

**CITY OF BAKER, LOUISIANA
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

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Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

INDEPENDENT AUDITORS' REPORT

The Honorable Harold M. Rideau, Mayor
and the Members of the City Council
City of Baker, Louisiana
P. O. Box 707
Baker, Louisiana 70704-0707

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Baker, Louisiana as of and for the year ended June 30, 2008, which collectively comprise the City of Baker, Louisiana's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Baker, Louisiana's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

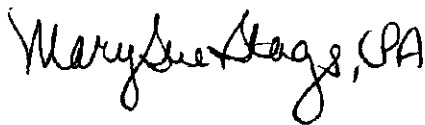
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Baker, Louisiana as of June 30, 2008, and the respective changes in financial position (and cash flows where applicable) for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplemental information, as listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This required supplemental information is the responsibility of the City of Baker, Louisiana's management. It has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2009, on our consideration of the City of Baker, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Baker, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Sue Stages, CPA". The signature is written in a cursive, flowing style.

Mary Sue Stages, CPA
A Professional Accounting Corporation
March 4, 2009

REQUIRED SUPPLEMENTAL INFORMATION
(PART 1 OF 2)

**CITY OF BAKER, LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2008**

As management of the City of Baker, we offer readers of the City of Baker's financial statements this narrative overview and analysis of the financial activities of the City of Baker for the fiscal year ended June 30, 2008. The emphasis of discussions about these statements will be on current year data.

This discussion and analysis of the City of Baker's financial statements provide an overview of its financial activities for the year.

Financial Highlights

- * The assets of the City of Baker exceeded its liabilities at the close of the most recent fiscal year by \$23,863,103 (net assets). Of this amount, \$9,804,592 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- * The City of Baker's total net assets increased by \$1,073,590.
- * As of the close of the fiscal year, the City of Baker's governmental activities reported combined ending net assets of \$16,822,010, an increase of \$1,119,138 in comparison with the prior year. Of this amount, \$7,476,851 is available for spending at the government's discretion (unrestricted net assets).
- * The City's business-type activities reported a decrease in net assets of \$45,548 to \$7,041,094. There is \$2,327,742 available for operations while \$714,629 is restricted for customer deposits and pre-need items.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Baker's basic financial statements. The City of Baker's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Baker's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Baker's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Baker is improving or deteriorating.

CITY OF BAKER, LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2008

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City of Baker that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Baker include general government, public safety, public works, economic development and culture and recreation. The business-type activities of the City of Baker include water, gas, sewer and burial services.

The government-wide financial statements can be found on pages 13-16 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Baker, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Baker can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Baker maintains six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund and the street maintenance fund, both of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

CITY OF BAKER, LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2008

The City of Baker adopts an annual budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund and street maintenance fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 18-23 of this report.

Proprietary funds. The City of Baker maintains only one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Baker uses enterprise funds to account for its utilities (water and gas), sewer and burial services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility, Cemetery and City Parish Sewer Revenue funds, all of which are considered to be major funds of the City of Baker.

The basic proprietary fund financial statements can be found on pages 24-31 of this report.

Fiduciary funds. Fiduciary funds report resources that are held for other parties and that cannot be used to support the City's programs. Reporting for these types of funds is based on the flow of economic resources measurement focus and the accrual basis of accounting. The City of Baker maintains one type of fiduciary fund – agency funds. Agency funds are created to account for resources held on a temporary, purely custodial basis until such time, as determined by legal contract or circumstances, they are returned to their owner(s).

The fiduciary fund statements can be found on page 32 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are indexed on page 34 and begin immediately after.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Baker's budgetary comparison schedules for its major governmental funds. The required supplementary information can be found on pages 4 – 11 and 59 - 63 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and enterprise funds are presented immediately following the required supplementary information on budgetary comparison schedules. Combining and individual fund statements and schedules can be found beginning on page 65 of this report.

**CITY OF BAKER, LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2008**

Government-wide Financial Analysis

The following is a summary of the City of Baker's net assets:

SUMMARY OF NET ASSETS

	Governmental Activities		Business-type Activities	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Assets:				
Current and other assets	\$ 13,624,655.03	\$ 9,726,156.90	\$ 4,833,381.25	\$ 4,898,010.43
Capital assets, net	<u>4,154,168.05</u>	<u>4,124,598.00</u>	<u>4,316,722.97</u>	<u>4,310,871.25</u>
Total Assets	<u>17,778,823.08</u>	<u>13,850,754.90</u>	<u>9,150,104.22</u>	<u>9,208,881.68</u>
Liabilities:				
Other liabilities	326,167.01	187,106.19	793,135.38	598,556.65
Long-term liabilities	<u>630,646.20</u>	<u>783,976.53</u>	<u>1,315,875.23</u>	<u>1,523,683.36</u>
Total Liabilities	<u>956,813.21</u>	<u>971,082.72</u>	<u>2,109,101.61</u>	<u>2,122,240.01</u>
Net Assets:				
Investment in capital assets, net of related debt	4,154,168.05	4,124,598.00	3,998,722.97	3,687,871.25
Restricted	5,190,991.24	4,878,414.98	714,629.02	634,700.48
Unrestricted	<u>7,476,850.58</u>	<u>3,876,659.20</u>	<u>2,327,741.62</u>	<u>2,764,069.94</u>
Total Net Assets	<u>16,822,009.87</u>	<u>12,879,672.18</u>	<u>7,041,093.61</u>	<u>7,086,641.67</u>

By far the largest portion of the City of Baker's net assets (39%) reflects its investment in capital assets (e.g. land, buildings, improvements, streets and bridges, equipment, vehicles, utility systems and furniture and fixtures), less any related debt used to acquire those assets that is still outstanding. The City of Baker uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Baker's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Baker's net assets (28) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net assets (\$9,804,592) may be used to meet the government's on-going obligations to citizens and creditors.

At the end of the current fiscal year, the City of Baker is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**CITY OF BAKER, LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2008**

The following is a summary of the City of Baker's changes in net assets:

SUMMARY OF CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:				
Charges for services	\$ 1,602,994.22	\$ 1,376,616.06	\$ 4,132,466.94	\$ 4,075,273.48
Operating grants and contributions	239,894.70	633,129.46	4,172.17	6,748.92
Capital grants and contributions	30,677.00	151,536.50	.00	.00
General revenues:				
Sales taxes	5,013,070.97	4,875,155.02	.00	.00
Other revenues, net	<u>2,349,053.86</u>	<u>1,971,143.06</u>	<u>49,414.48</u>	<u>57,168.99</u>
Total Revenues	9,235,690.75	9,007,580.10	4,186,053.59	4,139,191.39
Expenses:				
General government	2,453,615.43	2,099,426.73	.00	.00
Culture and recreation	76,527.08	90,284.90	.00	.00
Intergovernmental	10,194.42	9,192.55	.00	.00
Public safety	4,179,730.92	4,228,708.95	.00	.00
Public works	1,687,576.79	1,688,101.83	.00	.00
Cemetery	.00	.00	188,977.80	196,166.69
City-Parish sewer	.00	.00	59,449.78	58,885.96
Utility	.00	.00	<u>3,692,081.85</u>	<u>3,354,899.91</u>
Total Expenses	<u>8,407,644.64</u>	<u>8,115,714.96</u>	<u>3,940,509.43</u>	<u>3,609,952.56</u>
Increase in Net Assets Before Transfers	828,046.11	891,865.14	245,544.16	529,238.83
Transfers, net	<u>291,092.28</u>	<u>269,259.78</u>	<u>(291,092.28)</u>	<u>(302,750.80)</u>
Change in Net Assets	1,119,138.39	1,161,124.92	(45,548.12)	226,488.03
Net Assets, beginning of year	13,033,002.48	11,871,877.56	7,086,641.73	6,861,027.70
Adjustments to prior periods	<u>2,669,869.00</u>	<u>.00</u>	<u>.00</u>	<u>(874.00)</u>
Net Assets, end of year	<u>16,822,009.87</u>	<u>13,033,002.48</u>	<u>7,041,093.61</u>	<u>7,086,641.73</u>

**CITY OF BAKER, LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2008**

Governmental Funds Budgetary Highlights

There were changes made to the original budget as needs arose that were not anticipated at the time that the original budget was prepared and adopted.

Revenues of the general fund came in at \$797,736 more than anticipated overall. General government expenditures were \$67,603 less than budgeted after all revisions were made to the budget. Public safety expenditures were \$208,299 less than budgeted. Public works expended \$46,519 (3%) more than it budgeted. Overall, all departments were able to hold their expenditures down in relation to the revenues received allowing for total expenditures to be \$423,944 less than budgeted.

Revenues of the street maintenance/construction fund were \$11,711 more than anticipated while expenditures were \$2,721,631 less than budgeted.

Capital Asset and Debt Administration

Capital Assets. The City of Baker's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$8,152,891 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, streets and bridges, equipment vehicles, utility systems and furniture and fixtures.

Capital assets as of June 30, 2008, are detailed in the following table.

**CAPITAL ASSETS
Net of Accumulated Depreciation**

	Governmental Activities		Business-type Activities	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 873,722.10	\$ 873,722.10	\$ 373,572.16	\$ 373,572.16
Buildings	131,804.48	132,858.40	173,617.09	159,335.72
Improvements other than Buildings	68,411.59	84,911.08	.00	.00
Streets and bridges	1,807,841.16	1,756,269.28	13,055.55	14,722.22
Equipment	458,753.78	372,157.76	174,459.49	60,906.74
Vehicles	803,909.65	891,851.75	108,364.78	66,485.62
Furniture and fixtures	9,725.29	12,827.60	5,263.75	5,365.27
Utilities	.00	.00	3,468,390.15	3,630,483.52
Total	<u>4,154,168.05</u>	<u>4,124,597.97</u>	<u>4,316,722.97</u>	<u>4,310,871.25</u>

**CITY OF BAKER, LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2008**

Major capital asset events during the current fiscal year included the following:

- Purchase and implementation of accounting/reporting software to enhanced internal control and improve efficiency of operations in all departments;
- Plans for the construction of a new fire station on Groom Road;
- Grants secured for the purchase of safety equipment for both police and fire;
- Cameras and other equipment to assist with solving crimes;
- New police units;
- New vehicles for public works and cemetery.

Additional information on the City of Baker's capital assets can be found in note 5 of this report.

Long-term debt. At the end of the current fiscal year, the City of Baker had total bonded debt outstanding of \$318,000, all of which is backed by the full faith and credit of the City of Baker. This debt will be paid in full in the subsequent year.

Additional information such as principal and interest payments remaining can be found in note 10 of this report.

Economic Factors and Next Year's Budget and Rates

A few of the highlights for the coming year are as follows:

- ♦ Continued implementation of new accounting/reporting software that will greatly improve the City's internal control system and operational efficiency;
- ♦ New businesses currently considering opening within the city limits as well as some that have purchased property;

**CITY OF BAKER, LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2008**

Request for Information

This financial report is designed to provide a general overview of the City of Baker's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Aristead Clayton, Finance Director, City of Baker, P. O. Box 707, Baker, Louisiana 70704-0707, (225) 778-1751.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BAKER, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,572,151.26	\$ 2,289,704.95	\$ 6,861,856.21
Investments	2,142,466.04	-	2,142,466.04
Inventory, at cost	91,953.53	402,378.99	494,332.52
Due from other funds	31,869.44	-	31,869.44
Due from other governmental agencies	122,777.29	4,873.97	127,651.26
Receivables, net	921,257.06	1,104,352.46	2,025,609.52
Prepaid expenses	30,471.72	1,366.47	31,838.19
Restricted assets:			
Cash and cash equivalents	2,815,598.46	699,811.00	3,515,409.46
Investments	2,896,110.23	330,893.41	3,227,003.64
Capital assets, net	4,154,168.05	4,316,722.97	8,470,891.02
	<hr/>		
Total Assets	17,778,823.08	9,150,104.22	26,928,927.30
<u>LIABILITIES</u>			
Accounts payable	253,462.45	389,464.69	642,927.14
Due to other funds	31,869.44	-	31,869.44
Due to other governmental agencies	1,917.80	-	1,917.80
Other payables	4,015.64	-	4,015.64
Accrued payables	-	2,120.00	2,120.00
Deferred revenue	34,901.68	-	34,901.68
Bonds payable	-	318,000.00	318,000.00
Merchandise payable	-	83,550.69	83,550.69
Accrued payables - long-term portion	630,646.20	276,247.77	906,893.97
Merchandise payable - long-term portion	-	473,453.93	473,453.93
Customer deposits	-	566,173.53	566,173.53
	<hr/>		
Total Liabilities	956,813.21	2,109,010.61	3,065,823.82

Continued

CITY OF BAKER, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2008

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$ 4,154,168.05	\$ 3,998,722.97	\$ 8,152,891.02
Restricted for:			
Customer deposits	-	566,173.53	566,173.53
Fire/police salaries	238,372.11	-	238,372.11
Inventory	91,953.53	-	91,953.53
Pre-need items	-	148,455.49	148,455.49
Street maintenance/construction	4,860,665.60	-	4,860,665.60
Unrestricted	7,476,850.58	2,327,741.62	9,804,592.20
	<hr/>	<hr/>	<hr/>
Total Net Assets	16,822,009.87	7,041,093.61	23,863,103.48
	<hr/>	<hr/>	<hr/>

See Auditors' Report and Accompanying Notes

**CITY OF BAKER, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net Revenues (Expenses)</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Governmental Activities						
General government	\$ 2,453,615.43	\$ 89,894.44	\$ 27,343.58	\$ -	\$ (2,336,377.41)	\$ (2,336,377.41)
Culture and recreation	76,527.08	7,340.25	-	-	(69,186.83)	(69,186.83)
Intergovernmental	10,194.42	195,943.84	-	-	185,749.42	185,749.42
Public safety	4,179,730.92	468,654.27	212,551.12	30,677.00	(3,467,848.53)	(3,467,848.53)
Public works	1,687,576.79	841,161.42	-	-	(846,415.37)	(846,415.37)
Total Governmental Activities	8,407,644.64	1,602,994.22	239,894.70	30,677.00	(6,534,078.72)	(6,534,078.72)
Business-Type Activities						
Utility	3,692,081.85	3,914,065.53	4,172.17	-	-	226,155.85
Cemetery	188,977.80	166,187.15	-	-	-	(22,790.65)
City Parish sewer revenue	59,449.78	52,214.26	-	-	-	(7,235.52)
Total Business-Type Activities	3,940,509.43	4,132,466.94	4,172.17	-	-	196,129.68
Total Primary Government	12,348,154.07	5,735,461.16	244,066.87	30,677.00	(6,534,078.72)	(6,337,949.04)
General Revenues and Transfers						
Taxes:						
Sales					5,013,070.97	5,013,070.97
Franchise					567,665.18	567,665.18
Property					283,708.31	283,708.31
Teleprompter					127,715.80	127,715.80
Other					190,825.02	190,825.02

CITY OF BAKER, LOUISIANA
STATEMENT OF ACTIVITIES (Continued)
YEAR ENDED JUNE 30, 2008

	Net Revenues (Expenses)		
	Governmental Activities	Business-Type Activities	Total
Licenses and permits	\$ 404,780.15	\$ -	\$ 404,780.15
City court receipts	320,454.56	-	320,454.56
Interest earnings	316,332.83	44,045.25	360,378.08
Other revenues	137,572.01	5,369.23	142,941.24
Transfers, net	291,092.28	(291,092.28)	-
	<u>7,653,217.11</u>	<u>(241,677.80)</u>	<u>7,411,539.31</u>
Total General Revenues and Transfers			
Change in Net Assets	1,119,138.39	(45,548.12)	1,073,590.27
Net Assets, beginning	13,033,002.48	7,086,641.73	20,119,644.21
Adjustment to prior periods	2,669,869.00	-	2,669,869.00
Net Assets, ending	<u>16,822,009.87</u>	<u>7,041,093.61</u>	<u>23,863,103.48</u>

FUND FINANCIAL STATEMENTS

CITY OF BAKER, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>General</u>	<u>Street Maintenance/ Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 4,262,850.64	\$ -	\$ 309,300.62	\$ 4,572,151.26
Investments	2,142,466.04	-	-	2,142,466.04
Inventory, at cost	91,953.53	-	-	91,953.53
Due from other funds	100.00	-	31,769.44	31,869.44
Due from other governmental agencies	-	55,537.76	67,239.53	122,777.29
Receivables:				
Accounts, net	319,732.50	-	-	319,732.50
Taxes, net	574,151.51	-	-	574,151.51
Accrued interest	27,350.12	22.93	-	27,373.05
Prepaid expenses	30,471.72	-	-	30,471.72
Restricted assets:				
Cash and cash equivalents	277,739.34	2,028,130.00	509,729.12	2,815,598.46
Investments	-	2,776,974.91	119,135.32	2,896,110.23
TOTAL ASSETS	7,726,815.40	4,860,665.60	1,037,174.03	13,624,655.03

LIABILITIES AND FUND BALANCES

Liabilities:				
Accounts payable	242,993.58	-	10,468.87	253,462.45
Due to other funds	-	-	31,869.44	31,869.44
Due to other governmental agencies	1,917.80	-	-	1,917.80
Other payables	4,015.64	-	-	4,015.64
Deferred revenue	34,901.68	-	-	34,901.68
Total Liabilities	283,828.70	-	42,338.31	326,167.01

CITY OF BAKER, LOUISIANA
BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>General</u>	<u>Street Maintenance/ Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Reserved for:				
Fire/police salaries	\$ -	\$ -	\$ 690,425.01	\$ 690,425.01
Inventory	91,953.53	-	-	91,953.53
Street maintenance/construction	-	4,860,665.60	-	4,860,665.60
Unreserved, designated for:				
911 services	-	-	178,264.85	178,264.85
Beautification and grounds	215,941.78	-	-	215,941.78
Capital improvements	251,341.85	-	-	251,341.85
Condemnation	10,892.39	-	-	10,892.39
Court operations	-	-	126,145.86	126,145.86
Economic development	93,523.14	-	-	93,523.14
Fire protection	150,696.21	-	-	150,696.21
Insurance	22,071.72	-	-	22,071.72
Law enforcement	69,520.12	-	-	69,520.12
Special events	16,492.08	-	-	16,492.08
Unreserved, undesignated	6,520,553.88	-	-	6,520,553.88
Total Fund Balances	7,442,986.70	4,860,665.60	994,835.72	13,298,488.02
TOTAL LIABILITIES AND FUND BALANCES	7,726,815.40	4,860,665.60	1,037,174.03	13,624,655.03

See Auditors' Report and Accompanying Notes

CITY OF BAKER, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2008

Total Fund Balances - Total Governmental Funds	\$ 13,298,488.02
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Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet. This is the capital assets, net of accumulated depreciation, reported on the Statement of Net Assets.	4,154,168.05
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet. This is the long-term liabilities reported on the Statement of Net Assets:

Compensated absences payable	(555,646.20)
Claims and judgements	<u>(75,000.00)</u>

Total Net Assets - Governmental Activities	<u><u>16,822,009.87</u></u>
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CITY OF BAKER, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Street Maintenance/ Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>				
Intergovernmental revenues	\$ 57,160.00	\$ -	\$ 138,783.84	\$ 195,943.84
Taxes:				
Sales	3,542,956.55	656,275.54	813,838.88	5,013,070.97
Franchise	567,665.18	-	-	567,665.18
Property	283,708.31	-	-	283,708.31
Teleprompter	127,715.80	-	-	127,715.80
Industrial	62,600.00	-	-	62,600.00
Firemen's	50,213.44	-	-	50,213.44
Tobacco	33,630.28	-	-	33,630.28
Occupancy	20,378.31	-	-	20,378.31
Beer	11,802.59	-	-	11,802.59
Chain store	12,200.40	-	-	12,200.40
Licenses and permits	404,780.15	-	-	404,780.15
Charges for services	1,197,877.71	-	209,172.67	1,407,050.38
City court/prosecutor fees	320,454.56	-	-	320,454.56
Interest earned	256,729.05	55,435.55	4,168.23	316,332.83
Grant proceeds/FEMA reimbursements	132,056.10	-	138,515.60	270,571.70
Other revenues	53,911.40	-	83,660.61	137,572.01
Total Revenues	7,135,839.83	711,711.09	1,388,139.83	9,235,690.75
<u>EXPENDITURES</u>				
General government	2,285,127.90	-	164,062.88	2,449,190.78
Public safety	2,870,876.94	-	1,005,268.68	3,876,145.62
Public works	1,588,475.61	3,773.21	-	1,592,248.82
Capital outlay	283,224.66	124,595.80	111,809.04	519,629.50
Total Expenditures	7,027,705.11	128,369.01	1,281,140.60	8,437,214.72

Continued

CITY OF BAKER, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Street Maintenance/ Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess of Revenues over Expenditures \$	108,134.72	\$ 583,342.08	\$ 106,999.23	\$ 798,476.03
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	309,977.92	-	127,586.70	437,564.62
Operating transfers out	(146,472.34)	-	-	(146,472.34)
Total Other Financing Sources (Uses)	163,505.58	-	127,586.70	291,092.28
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	271,640.30	583,342.08	234,585.93	1,089,568.31
Fund Balances, beginning	4,501,477.40	4,277,323.52	760,249.79	9,539,050.71
Adjustment to prior periods	2,669,869.00	-	-	2,669,869.00
Fund Balances, ending	7,442,986.70	4,860,665.60	994,835.72	13,298,488.02

See Auditors' Report and Accompanying Notes

**CITY OF BAKER, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008**

Change in Fund Balances - Total Governmental Funds \$ 1,089,568.31

Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which capital outlay
exceeded depreciation charged in the current period.

29,570.08

Change in Net Assets - Governmental Activities

1,119,138.39

CITY OF BAKER, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-Type Activities			
	Enterprise Funds			
	Utility	Cemetery	City Parish Sewer Revenue	Total
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 1,899,172.11	\$ 192,458.13	\$ 198,074.71	\$ 2,289,704.95
Inventory	30,667.28	371,711.71	-	402,378.99
Due from other govt. agencies	-	-	4,873.97	4,873.97
Accounts receivable, net	1,086,177.40	8,471.13	-	1,094,648.53
Accrued interest receivable	9,703.93	-	-	9,703.93
Prepaid expenses	1,366.47	-	-	1,366.47
Total Current Assets	3,027,087.19	572,640.97	202,948.68	3,802,676.84
Restricted Assets:				
Cash and cash equivalents	699,811.00	-	-	699,811.00
Investments	182,437.92	148,455.49	-	330,893.41
Total Restricted Assets	882,248.92	148,455.49	-	1,030,704.41
Capital Assets:				
Land	243,572.16	130,000.00	-	373,572.16
Buildings	102,428.68	170,881.46	-	273,310.14
Equipment	1,316,158.22	119,429.38	4,075.49	1,439,663.09
Vehicles	364,051.66	53,682.04	-	417,733.70
Furniture	103,823.45	2,772.00	-	106,595.45
Utility systems	8,031,481.36	-	-	8,031,481.36
Streets	-	50,000.00	-	50,000.00
Total Capital Assets	10,161,515.53	526,764.88	4,075.49	10,692,355.90
Accumulated depreciation	(6,131,623.51)	(239,933.93)	(4,075.49)	(6,375,632.93)
Net Capital Assets	4,029,892.02	286,830.95	-	4,316,722.97
Total Assets	7,939,228.13	1,007,927.41	202,948.68	9,150,104.22

Continued

CITY OF BAKER, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-Type Activities Enterprise Funds			
	Utility	Cemetery	City Parish Sewer Revenue	Total
<u>LIABILITIES</u>				
Current Liabilities:				
Payable from current assets:				
Accounts payable	\$ 328,546.45	\$ 60,918.24	\$ -	\$ 389,464.69
Revenue bonds payable	70,838.65	-	-	70,838.65
<hr/>				
Total Current Liabilities, Payable from Current Assets	399,385.10	60,918.24	-	460,303.34
Payable from restricted assets:				
Accrued interest payable	2,120.00	-	-	2,120.00
Merchandise payable	-	83,550.69	-	83,550.69
Revenue bonds payable	247,161.35	-	-	247,161.35
Customer deposits	566,173.53	-	-	566,173.53
<hr/>				
Total Current Liabilities, Payable from Restricted Assets	815,454.88	83,550.69	-	899,005.57
<hr/>				
Total Current Liabilities	1,214,839.98	144,468.93	-	1,359,308.91
Long-Term Liabilities:				
Compensated absences	220,577.07	51,587.73	4,082.97	276,247.77
Merchandise payable	-	64,904.80	-	64,904.80
Payable from restricted assets:				
Merchandise payable	-	408,549.13	-	408,549.13
<hr/>				
Total Long-Term Liabilities	220,577.07	525,041.66	4,082.97	749,701.70
<hr/>				
Total Liabilities	1,435,417.05	669,510.59	4,082.97	2,109,010.61

CITY OF BAKER, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-Type Activities Enterprise Funds			<u>Total</u>
	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	\$ 3,711,892.02	\$ 286,830.95	\$ -	\$ 3,998,722.97
Restricted for:				
Customer deposits	566,173.53	-	-	566,173.53
Pre-need items	-	148,455.49	-	148,455.49
Unrestricted	2,225,745.53	(96,869.62)	198,865.71	2,327,741.62
Total Net Assets	6,503,811.08	338,416.82	198,865.71	7,041,093.61

See Auditors' Report and Accompanying Notes

CITY OF BAKER, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Business-Type Activities			
	Enterprise Funds			
	Utility	Cemetery	City Parish Sewer Revenue	Total
<u>OPERATING REVENUES</u>				
Charges for services	\$ 3,135,909.18	\$ -	\$ 52,214.26	\$ 3,188,123.44
Sales, net of cost of goods sold	-	166,187.15	-	166,187.15
Sewer fees	575,793.34	-	-	575,793.34
Assessments	117,991.10	-	-	117,991.10
Penalties and other late charges	84,371.91	-	-	84,371.91
Other operating revenues	1,447.23	-	-	1,447.23
Total Operating Revenues	3,915,512.76	166,187.15	52,214.26	4,133,914.17
<u>OPERATING EXPENSES</u>				
Administrative	182,756.34	10,404.93	1,000.00	194,161.27
Depreciation	308,084.88	22,229.70	-	330,314.58
Employee and related expenses	976,680.70	127,892.39	48,449.78	1,153,022.87
Occupancy	123,205.34	13,368.43	-	136,573.77
Personal services	2,075,259.34	15,082.35	10,000.00	2,100,341.69
Total Operating Expenses	3,665,986.60	188,977.80	59,449.78	3,914,414.18
Operating Income (Loss)	249,526.16	(22,790.65)	(7,235.52)	219,499.99
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Interest earned	31,783.12	12,262.13	-	44,045.25
Lease income	-	3,922.00	-	3,922.00
Contributions	4,172.17	-	-	4,172.17
Interest expense	(26,095.25)	-	-	(26,095.25)
Total Non-Operating Revenues (Expenses)	9,860.04	16,184.13	-	26,044.17

CITY OF BAKER, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS (Continued)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Business-Type Activities Enterprise Funds			
	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	<u>Total</u>
Income (Loss) Before Operating Transfers	\$ 259,386.20	\$ (6,606.52)	\$ (7,235.52)	\$ 245,544.16
<u>OPERATING TRANSFERS</u>				
Operating transfers, net	(291,000.00)	(18,977.92)	18,885.64	(291,092.28)
Total Operating Transfers	(291,000.00)	(18,977.92)	18,885.64	(291,092.28)
Change in Net Assets	(31,613.80)	(25,584.44)	11,650.12	(45,548.12)
Net Assets, beginning	6,535,424.88	364,001.26	187,215.59	7,086,641.73
Net Assets, ending	6,503,811.08	338,416.82	198,865.71	7,041,093.61

See Auditors Report and Accompanying Notes

CITY OF BAKER, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Business-Type Activities			
	Enterprise Funds			City Parish
	<u>Utility</u>	<u>Cemetery</u>	<u>Sewer Revenue</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 3,763,779.25	\$ 240,254.38	\$ 56,577.43	\$ 4,060,611.06
Cash paid to suppliers for goods/services	(2,150,858.90)	(69,979.90)	(20,069.55)	(2,240,908.35)
Cash paid to employees for services	(976,680.70)	(126,349.06)	(49,476.54)	(1,152,506.30)
Net Cash Provided by (Used for) Operating Activities	636,239.65	43,925.42	(12,968.66)	667,196.41
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating transfers, net	(291,000.00)	(18,977.92)	18,885.64	(291,092.28)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(291,000.00)	(18,977.92)	18,885.64	(291,092.28)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributed by property owners	4,172.17	-	-	4,172.17

CITY OF BAKER, LOUISIANA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Business-Type Activities Enterprise Funds			City Parish
	<u>Utility</u>	<u>Cemetery</u>	<u>Sewer Revenue</u>	<u>Total</u>
Acquisition of capital assets	\$ (304,102.05)	\$ (32,064.25)	\$ -	\$ (336,166.30)
Interest paid on bonds	(28,071.25)	-	-	(28,071.25)
Principal paid on bond maturities	(305,000.00)	-	-	(305,000.00)
Net Cash Used for Capital and Related Activities	(633,001.13)	(32,064.25)	-	(665,065.38)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received from investments	31,783.12	12,262.13	-	44,045.25
Income received from leases	-	3,922.00	-	3,922.00
Purchase/maturities of securities	-	(19,264.77)	-	(19,264.77)
Net Cash Provided by (Used for) Investing Activities	31,783.12	(3,080.64)	-	28,702.48
Net (Decrease) Increase in Cash and Cash Equivalents	(255,978.36)	(10,197.39)	5,916.98	(260,258.77)
Cash and Cash Equivalents, beginning of year	2,854,961.47	202,655.52	192,157.73	3,249,774.72
Cash and Cash Equivalents, end of year	2,598,983.11	192,458.13	198,074.71	2,989,515.95

CITY OF BAKER, LOUISIANA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Business-Type Activities Enterprise Funds				Total
	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish</u>		
			<u>Sewer Revenue</u>		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ 249,526.16	\$ (22,790.65)	\$ (7,235.52)	\$	219,499.99
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	308,084.88	22,229.70	-		330,314.58
(Increase) decrease in assets:					
Inventory	23,939.72	3,425.52	-		27,365.24
Accounts receivable	(210,950.05)	2,856.82	4,363.17		(203,730.06)
Increase (decrease) in liabilities:					
Accounts payable	204,975.17	33,289.20	(9,069.55)		229,194.82
Merchandise payable	-	3,371.50	-		3,371.50
Compensated absences	-	1,543.33	(1,026.76)		516.57
Customer deposits	60,663.77	-	-		60,663.77
Net Cash Provided by (Used for) Operating Activities	636,239.65	43,925.42	(12,968.66)		667,196.41

CITY OF BAKER, LOUISIANA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	<u>Agency Funds</u>	
	<u>C/P Sewer</u>	<u>Dept. of Health & Hospitals</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ -	\$ 6,702.20
<u>LIABILITIES</u>		
Fees payable	-	6,702.20

See Auditors' Report and Accompanying Notes

NOTES TO THE FINANCIAL STATEMENTS

CITY OF BAKER, LOUISIANA
INDEX TO NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

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CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

INTRODUCTION

The City of Baker, Louisiana (hereafter referred to as the City) was originally governed by the provisions of the Lawrason Act, La. Revised Statute 33:321-481. The electorate adopted a Home Rule Charter on May 16, 1970, that would become effective on July 1, 1972. The Charter provided for a mayor-council form of government. Originally, the council was elected at large but later changed to member districts. There are five council members, and they are compensated for their services.

The purpose of the municipality is to promote the general welfare and the safety, health, peace, good order, comfort, convenience and morals of its inhabitants.

The City is situated in the northwest part of the Parish of East Baton Rouge. It is approximately 7 square miles in size with a population of approximately 13,700. Within the boundaries are approximately 70 miles of roads maintained by the City. It is currently servicing more than 5,500 utility customers and employs approximately 151 persons.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the City of Baker, La. conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of La. Revised Statute 24:513 and to the guidelines set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: This report includes all funds that are controlled by or dependent on the City's executive or legislative branches (Mayor and/or City Council). Control by or dependence on the City was determined on the basis of oversight responsibility, including accountability for fiscal and budgetary matters, designation of management or governing authority and authority to issue debt.

Based upon the above, it has been determined that there are no governmental organizations which should be included in the accompanying financial statements.

Government-wide Accounting: In accordance with Government Accounting Standards Boards Statement No. 34, the City has presented a Statement of Net Assets and Statement of Activities for the City as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

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Government-wide statements distinguish between governmental and business-type activities.

Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Interfund receivables and payables are eliminated in the Statement of Net Assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function is eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they were allocated.

Application of FASB Statements and Interpretations

Reporting on governmental-type and business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost or estimated cost where historical cost is unavailable and are depreciated using the straight-line or modified accelerated recovery cost system methods of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Assets.

Using the requirements of GASB Statement No. 34, the City is considered a Phase 3 government as its total annual revenues is less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. The City has opted not to retroactively report these types of capital assets.

Program Revenues

The Statement of Activities presents three categories of program revenues – (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the City. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are reserved for a specific use.

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Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the City has chosen not to do so.

Operating Revenues

Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the City's operation of the utility department, cemetery and City-Parish sewer billing are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Reserved Net Assets

Reserved net assets are those for which a constraint has been imposed either externally or by law. The City recognized the use of reserved resources for expenditures that comply with the specific restrictions. Reserved resources are exhausted before unreserved net assets are used.

Fund Accounting: The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the City are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds: Governmental funds account for all or most of the City's general activities, including the collection and disbursement of specific or legally reserved monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. General Fund - is the general operating fund of the City which accounts for all financial resources except those required to be accounted for in other funds; and
2. Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

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Proprietary Funds: Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. Enterprise Funds – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Funds: Fiduciary funds account for resources held in trust for other parties. As such, the City has no equity in these funds. They utilize the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds of the City include:

1. Agency Funds – accounts for assets that do not belong to the City and cannot be used to finance the City's own operating programs.

Basis of Accounting/Measurement Focus: The type of financial statement presentation determines the accounting and financial reporting treatment applied to a fund.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental and business-type activities are included in the Statement of Net Assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated in each fund.

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

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Budgets and Budgetary Accounting: A pay plan, operating and capital budget and a capital plan are submitted by the Mayor to the Council for consideration each year. The following procedures were used in establishing the budgetary data reflected in these financial statements:

1. A letter of request is sent on or about April 1st to each department head requesting submission of operating budget requirements to the Mayor by May 1st. Capital budget and program requests along with substantiation in detail of need and cost are submitted by April 15th. Adding an estimate of revenues available for capital purposes for the next 5 years, the Mayor forwards the capital budget and program requests to the Planning Commission.

2. The Planning Commission submits its recommendations for the capital budget to the Mayor by May 1st including a listing by priorities of requested projects not included by reason of financing and a list of projects disapproved, together with the reasons therefore;

3. The Mayor consolidates all departmental requests and any recommended changes for presentation to the Council by May 15th of the operating budget and capital budget;

4. Following such public hearings as the Council deems necessary, the budgets are adopted no later than June 15th.

These budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts shown are as originally adopted and as amended by the City Council. Budget amendments are passed by the City Council on an as needed basis. A balanced budget is required.

If an appropriations ordinance is not passed consistent with the budget, 50% of the prior year appropriation is deemed re-appropriated. Appropriations lapse at year-end. Amendments were made to the budget during the fiscal year. Control is at the departmental level where expenditures may not legally exceed appropriations.

Cash and Cash Equivalents: Cash includes amounts in demand deposits, interest bearing demand deposits, money market accounts and certificates of deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under State law, the City may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statement of cash flows, the City considers all investments with maturities of less than 90 days to be cash and cash equivalents.

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Investments: Investments are limited by La. Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings.

The City entered into an Investment Management Agreement with Hancock Trust Division on June 9, 1999, with an initial investment of \$4,000,000. Of this amount, at least \$300,000 is to be maintained in a money market account at all times. The goals of the City are (1) safety of principal, (2) liquidity and (3) yield.

Inventory: Inventory is stated at cost and is maintained through utilization of a perpetual system. The cost is recorded as an expenditure at the time of purchase in both governmental and proprietary funds. A physical count is made at the end of each year. The reported inventory value at year-end is offset by a fund balance reserve that indicates it does not constitute available, spendable resources.

Receivables: Receivables are recorded net of any allowance for uncollectible amounts in both governmental and business-type activities. Revenues become susceptible to accrual when they become both measurable and available.

Prepaid Items: Payments to vendors representing costs applicable to future periods are recorded as prepaid items. In these financial statements, prepaid items include insurance and pre-need burial items.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets: Certain proceeds are classified as restricted assets on the statement of net assets because their use is limited. Components of these assets for business-type activities are as follows:

	<u>Customer Deposits</u>	<u>Capital and Merchandise</u>	<u>Total</u>
Cash and equivalents	\$ 426,173.53	\$ 273,637.47	\$ 699,811.00
Investments	.00	190,893.41	190,893.41
Certificates of deposit	<u>140,000.00</u>	<u>.00</u>	<u>140,000.00</u>
Total	<u>566,173.53</u>	<u>464,530.88</u>	<u>1,030,704.41</u>

Effective August 31, 1995, the Louisiana Cemetery Commission mandated that funds for pre-need sales be restricted in the amount of one-half of cost or one-half of sales price, whichever is greater. These funds are held in a trust account at Hancock Bank.

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Components of restricted assets for governmental activities are as follows:

	<u>Economic Development</u>	<u>Street Maint./ Construction</u>	<u>Fire/Police Salaries & Equip.</u>	<u>Total</u>
Cash	\$ 277,739.34	\$ 2,028,130.00	\$ 509,729.12	\$ 2,815,598.46
Investments	.00	2,748,844.91	119,135.32	2,867,980.23
Certificates of deposit	.00	28,130.00	.00	28,130.00
Total	<u>277,739.34</u>	<u>4,805,104.91</u>	<u>628,864.44</u>	<u>5,711,708.69</u>

Capital Assets: The City's assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are valued at their estimated fair value on the date of donation.

Depreciation is recorded using the straight-line method or the modified accelerated recovery cost system over the estimated useful lives of the assets as follows:

Buildings	10-40 years	Vehicles	3-20 years
Equipment	4-10 years	Infrastructure	40-50 years
Office furniture	5-10 years		

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34, which requires the inclusion of infrastructure assets, used in governmental activities in the general purpose financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the City has elected to not report its governmental infrastructure retroactively. From this point forward, the City will use the basic approach to infrastructure reporting for its governmental activities when applicable.

Compensated Absences: The City allows annual leave to regular full-time employees based on length of service. No leave is earned, however, while on suspension or leave without pay status. Annual leave may be carried over to the next calendar year at a maximum of one year's earned annual leave. Employees are not paid for their unused annual leave at year-end, but are paid for accumulated, unused leave upon termination.

Sick leave is earned by regular employees at the rate of one day per month, and it may be accumulated up to 360 working days. Employees may be paid for unused sick leave upon separation, provided that he/she is in good standing and a two-week notice is given.

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Exceptions apply to police and fire department personnel. They are allowed to accumulate all vacation leave earned and have unlimited sick leave up to one year. Upon separation, they are paid for accumulated sick leave that had accumulated prior to June 30, 1994.

At June 30, 2008, employees of the City had accumulated and vested \$906,893.97 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.150.

Long-Term Obligations: In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the statement of net assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

Net Assets/Fund Balances: In the statement of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and is reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

Net assets that are reserved by external sources, such as banks or by law, are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the balance sheet of governmental funds, fund balances are segregated as follows:

Reserved

These resources are segregated because their use is earmarked for a specific use.

Unreserved

This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

Interfund Transactions: All interfund transactions except quasi-external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

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Total Columns on Combined Statements: Total columns, when used on combined statements, are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not represent financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

The cash and cash equivalents on hand at June 30, 2008, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Petty cash	\$ 1,767.00	\$ 700.00
Demand deposits	6,174,049.08	1,649,251.89
Interest-bearing demand deposits	155,673.64	236,930.96
Time deposits	<u>1,056,260.00</u>	<u>1,102,633.10</u>
Total	<u>7,387,749.72</u>	<u>2,989,515.95</u>

Of these amounts, \$2,815,598.46 and \$699,811.00 is restricted for governmental and business-type activities, respectively. The restrictions are described above. The City does not have any cash and cash equivalents exposed to custodial credit risk.

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NOTE 3 - INVESTMENTS

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the municipality or its agent in the municipality's name;
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the municipality's name; or
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the municipality's name.

All investments of the City fall within category 1. The balances at June 30, 2008, are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Carrying Amount</u>
Certificates of deposit	\$ 1,767,691.00	\$ 1,767,691.00	\$ 1,767,691.00
Government agencies	<u>3,601,778.68</u>	<u>3,601,778.68</u>	<u>3,601,778.68</u>
Total	<u>5,369,469.68</u>	<u>5,369,469.68</u>	<u>5,369,469.68</u>

NOTE 4 - RECEIVABLES

The net receivables, with the exception of interfund and intergovernmental transactions, of \$2,025,609.52 as of June 30, 2008, are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Accounts	\$ 319,732.50	\$.00	\$ 1,094,648.53	\$ 1,414,381.03
Taxes	574,151.51	.00	.00	574,151.51
Accrued interest	<u>27,350.12</u>	<u>22.93</u>	<u>9,703.93</u>	<u>37,054.05</u>
Total	<u>921,234.13</u>	<u>22.93</u>	<u>1,104,352.46</u>	<u>2,025,609.52</u>

Utility meters are read between the 1st and 15th of each month and bills are computed and mailed in three cycles by the 25th of each month. The amount of gas and water used from the date the meter is read until the end of the month is an unbilled receivable in the Utility Fund. It is reflected in the above amounts at June 30, 2008 and 2007, as \$180,231.76 and \$159,707.97, respectively. An allowance for bad debts is determined by a percentage based on prior years' experience. At June 30, 2008 and 2007, the allowance was calculated as \$70,354.05 and \$41,063.99, respectively in the Utility Fund. The allowance in the Cemetery Fund at June 30, 2008 and 2007 was \$7,287.

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NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 873,722.10	\$.00	\$.00	\$ 873,722.10
Capital Assets, being depreciated				
Buildings	2,078,665.30	35,489.17	.00	2,114,154.47
Less: accumulated depreciation	<u>1,945,806.90</u>	<u>36,543.09*</u>	<u>.00</u>	<u>1,982,349.99</u>
Net Buildings	132,858.40	(1,053.92)	.00	131,804.48
Improvements other than buildings	2,703,643.54	.00	.00	2,703,643.54
Less: accumulated depreciation	<u>2,618,732.46</u>	<u>16,499.49*</u>	<u>.00</u>	<u>2,635,231.95</u>
Net Improvements other Than Buildings	84,911.08	(16,499.49)	.00	68,411.59
Streets and bridges	2,317,688.25	124,595.80	.00	2,442,284.05
Less: accumulated depreciation	<u>561,418.97</u>	<u>73,023.92*</u>	<u>.00</u>	<u>634,442.89</u>
Net Streets and Bridges	1,756,269.28	51,571.88	.00	1,807,841.16
Equipment	1,873,111.88	273,274.04	.00	2,146,385.92
Less: accumulated depreciation	<u>1,500,954.12</u>	<u>186,678.02*</u>	<u>.00</u>	<u>1,687,632.14</u>
Net Equipment	372,157.76	86,596.02	.00	458,753.78
Vehicles	2,820,065.45	86,270.49	.00	2,906,335.94
Less: accumulated depreciation	<u>1,928,213.70</u>	<u>174,212.59*</u>	<u>.00</u>	<u>2,102,426.29</u>
Net Vehicles	891,851.75	(87,942.10)	.00	803,909.65
Furniture and fixtures	173,611.98	.00	.00	173,611.98
Less: accumulated depreciation	<u>160,784.38</u>	<u>3,102.31*</u>	<u>.00</u>	<u>163,886.69</u>
Net Furniture and Fixtures	12,827.60	(3,102.31)	.00	9,725.29
Capital Assets, being depreciated, net	<u>3,250,875.87</u>	<u>29,570.08</u>	<u>.00</u>	<u>3,280,445.95</u>
Capital Assets, net	<u>4,124,597.97</u>	<u>29,570.08</u>	<u>.00</u>	<u>4,154,168.05</u>

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets, not being depreciated				
Land	\$ 373,572.16	\$.00	\$.00	\$ 373,572.16
Capital Assets, being depreciated				
Buildings	248,310.14	25,000.00	.00	273,310.14
Less: accumulated depreciation	<u>88,974.42</u>	<u>10,718.63</u>	<u>.00</u>	<u>99,693.05</u>
Net Buildings	159,335.72	14,281.37	.00	173,617.09
Equipment	1,277,975.65	161,687.44	.00	1,439,663.09
Less: accumulated depreciation	<u>1,217,068.91</u>	<u>48,134.69</u>	<u>.00</u>	<u>1,265,203.60</u>
Net Equipment	60,906.74	113,552.75	.00	174,459.49
Vehicles	334,519.20	83,214.50	.00	417,733.70
Less: accumulated depreciation	<u>268,033.58</u>	<u>41,335.34</u>	<u>.00</u>	<u>309,368.92</u>
Net Vehicles	66,485.62	41,879.16	.00	108,364.78
Furniture and fixtures	105,739.93	855.52	.00	106,595.45
Less: accumulated depreciation	<u>100,374.66</u>	<u>957.04</u>	<u>.00</u>	<u>101,331.70</u>
Net Furniture and Fixtures	5,365.27	(101.52)	.00	5,263.75
Utility systems	7,966,072.52	65,408.84	.00	8,031,481.36
Less: accumulated depreciation	<u>4,335,589.00</u>	<u>227,502.21</u>	<u>.00</u>	<u>4,563,091.21</u>
Net Utility Systems	3,630,483.52	(162,093.37)	.00	3,468,390.15
Streets	50,000.00	.00	.00	50,000.00
Less: accumulated depreciation	<u>35,277.78</u>	<u>1,666.67</u>	<u>.00</u>	<u>36,944.45</u>
Net Streets	14,722.22	(1,666.67)	.00	13,055.55
Capital Assets, being depreciated, net	<u>3,937,299.09</u>	<u>5,851.72</u>	<u>.00</u>	<u>3,943,150.81</u>
Capital Assets, net	<u>4,310,871.25</u>	<u>5,851.72</u>	<u>.00</u>	<u>4,316,722.97</u>

*Depreciation expense was charged to governmental functions as follows:

General government	\$ 91,146.15
Public safety	303,585.30
Public works	<u>95,327.97</u>
Total	<u>490,059.42</u>

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NOTE 6 – RETIREMENT SYSTEM

Substantially all employees of the City are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana or Firefighters' Retirement System of Louisiana. These systems are cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The current rate is 6.75 percent of annual covered payroll. The contribution requirements of plan members and the City were established and may be amended by state statute. As provided by La. Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System under Plan A for the years ended June 30, 2008, 2007 and 2006, were \$256,269.20, \$289,125.80 and \$266,833.27, respectively, equal to the required contributions for each year.

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JUNE 30, 2008

B. Municipal Police Employees Retirement System of Louisiana (MPERS)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in MPERS, a cost sharing multiple-employer defined benefit pension plan. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produces the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. MPERS also provides death and disability benefits. Benefits are established or amended by state statute.

The MPERS Board of Trustees issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by La. Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ended June 30, 2008, 2007 and 2006, were \$168,330.85, \$164,822.81 and \$190,197.76, respectively, equal to the statutorily required contribution for each year.

C. Firefighters' Retirement System of Louisiana (System)

Plan Description. Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the East Baton Rouge Parish Fire Protection District is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirement of plan members and the East Baton Rouge Parish Fire Protection District are established and may be amended by state statute. As provided by La. Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ended June 30, 2008, 2007 and 2006, were \$110,270.71, \$99,233.61 and \$116,349.02, respectively, equal to the statutorily required contribution for each year.

NOTE 7 – POST-EMPLOYMENT BENEFITS

The City provides, as a post-employment benefit to retirees, 80% of medical insurance premiums per retiree until he/she reaches age 65. This benefit was approved by the Mayor and Council in the year in which it was enacted. The City remits the full premium on the 15th of each month. The participants remit their portion by the 1st of each month. During the year ended June 30, 2008, there were 34 participants at an annual cost to the City of \$110,233.65.

NOTE 8 - ACCOUNTS AND OTHER PAYABLES

The payables, with the exception of interfund and intergovernmental transactions, of \$2,997,134.90 at June 30, 2008, are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Accounts	\$ 242,993.58	\$ 10,468.87	\$ 389,464.69	\$ 642,927.14
Accrued interest	.00	.00	2,120.00	2,120.00
Compensated absences	630,646.20	.00	276,247.77	906,893.97
Bonds	.00	.00	318,000.00	318,000.00
Merchandise	.00	.00	557,004.62	557,004.62
Customer deposits	.00	.00	566,173.53	566,173.53
Other	4,015.64	.00	.00	4,015.64
 Total	 <u>877,655.42</u>	 <u>10,468.87</u>	 <u>2,109,010.61</u>	 <u>2,997,134.90</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

During the fiscal year ended June 30, 1986, the Hillcrest Memorial Gardens and Mausoleum filed for protection under the state bankruptcy law. It was determined by City officials that the City should take over the cemetery. In accordance with this decision, the City agreed to assume all financial and administrative obligations. In addition, the Cemetery currently sells pre-need items. It has been determined that as of June 30, 2008, the City had obligations for prepaid items, listed as merchandise above, as follows:

Interments	\$ 227,410.62
Memorial markers	120,873.00
Vaults	<u>208,721.00</u>
 Total	 <u>557,004.62</u>

NOTE 9 - COMPENSATED ABSENCES

Computed in accordance with GASB Codification Section C60, employees of the City had accumulated and vested \$906,893.97 of employee leave benefits at June 30, 2008. Governmental activities recorded \$555,646.20 of these benefits in the statement of net assets. This amount is not included in the fund financial statements for general and special revenue funds. Business-type activities recorded \$276,247.77 of compensated absences in the statement of net assets. This amount is also included in the fund financial statements for enterprise funds in accordance with the measurement focus utilized by proprietary funds.

NOTE 10 - LONG-TERM DEBT

The following is a summary of long-term debt incurred as of June 30, 2008:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>
Governmental Activities:				
Claims/judgments	\$ 75,000.00	\$.00	\$.00	\$ 75,000.00
Compensated absences	<u>708,976.53</u>	<u>109,094.27</u>	<u>262,424.60</u>	<u>555,646.20</u>
Total	<u>783,976.53</u>	<u>109,094.27</u>	<u>262,424.60</u>	<u>630,646.20</u>
 Business-Type Activities:				
Compensated absences	\$ 275,731.20	\$ 33,798.92	\$ 33,282.35	\$ 276,247.77
Merchandise	553,633.12	3,371.50	.00	557,004.62
Revenue bonds	<u>623,000.00</u>	<u>.00</u>	<u>305,000.00</u>	<u>318,000.00</u>
Total	<u>1,452,364.32</u>	<u>37,170.42</u>	<u>338,282.35</u>	<u>1,151,252.39</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

Bonds were issued by the Utility Fund in the amount of \$2,150,000. All bonds were purchased by Hancock Bank (formerly First State Bank) on April 28, 1994, at an interest rate of 5% for a period of 10 years. In order to take advantage of better interest rates, the City paid off these bonds in June of 1999. At the same time, Series 1999 Certificates of Indebtedness were issued in the amount of \$2,600,000. Hancock Bank purchased \$2,340,000 at an interest rate of 4.5% for a period of 10 years. The remaining \$260,000 was issued to the Louisiana Public Facilities Authority for a period of 5 years at no interest.

These bonds are backed by the full faith and credit of the City. Therefore, they are a contingent liability of the General Fund. Repayment is as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
5/01/09	\$ 318,000.00	\$ 7,662.00
Total	<u>623,000.00</u>	<u>35,697.00</u>

NOTE 11 - DEFERRED REVENUE

Deferred revenue of \$34,901.68 at June 30, 2008, is as follows:

	<u>Governmental Activities</u>
Civic Center fees	\$ 27,110.00
Court fees	<u>7,791.68</u>
Total	<u>34,901.68</u>

The Civic Center requires a cash deposit in order to reserve a date for use of the facilities. Deposits paid for dates beyond June 30, 2008, created deferred revenue of \$27,110 at year-end.

The City received \$7,791.68 in advance court fees.

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 12 - RESTRICTED AND DESIGNATED NET ASSETS

The following is a summary of restricted and designated net assets at June 30, 2008:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Restricted for:		
Customer deposits	\$.00	\$ 566,173.53
Fire/police salaries	238,372.11	.00
Inventory	91,953.53	.00
Pre-need items	.00	148,455.49
Street maintenance/construction	4,860,665.60	.00
 Total Restricted for:	 <u>5,190,991.24</u>	 <u>714,629.02</u>
 Designated for:		
911 services	178,264.85	.00
Beautification and grounds	215,941.78	.00
Capital improvements	251,341.85	.00
Condemnation	10,892.39	.00
Court operations	126,145.86	.00
Economic development	93,523.14	.00
Fire protection	150,696.21	.00
Insurance	22,071.72	.00
Law enforcement	69,520.12	.00
Special events	16,492.08	.00
 Total Designated for:	 <u>1,134,890.00</u>	 <u>.00</u>

NOTE 13 – ADJUSTMENTS TO PRIOR PERIODS

Adjustments to prior periods represent corrections to the financial statements of prior years. The following adjustments were made as of June 30, 2008:

Governmental-Type Activities

Prior years' sales taxes	<u>\$ 2,669,869.00</u>
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There was a pending determination for the disbursement of sales tax to the appropriate governing body that was settled during the current year. This is the amount of taxes received for prior years.

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 14 – INTER-FUND RECEIVABLES AND PAYABLES

Amounts due to/from other funds within the City at June 30, 2008, are as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 100.00	\$.00
Special Revenue Funds:		
Supplemental Pay Fund	31,769.44	.00
City Court Fund	.00	100.00
Fire/Police Special Tax Fund	<u>.00</u>	<u>31,769.44</u>
Total	<u>31,869.44</u>	<u>31,869.44</u>

NOTE 15 - INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

The following is a summary of amounts due to/from other governmental agencies at June 30, 2008:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$.00	\$ 1,917.80
Special Revenue Funds:		
Street Maintenance	55,537.76	.00
Fire/Police Special Tax Fund	67,239.53	.00
Enterprise Funds:		
City Parish Sewer Revenue	<u>4,873.97</u>	<u>.00</u>
Total	<u>127,651.26</u>	<u>1,917.80</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 16 – INTER-FUND TRANSFERS

Transfers to and from funds within the City for the year ended June 30, 2008, was as follows:

<u>Fund</u>	<u>To</u>	<u>From</u>
General Fund	\$ 309,977.92	\$ 146,472.34
Utility Fund	.00	291,000.00
Cemetery Fund	.00	18,977.92
Sewer Revenue Fund	18,885.64	.00
Special Revenue Funds	<u>127,586.70</u>	<u>.00</u>
Totals	<u>456,450.26</u>	<u>256,450.26</u>

These transfers include those made to move unrestricted revenues collected to other funds based on budgetary authorization. Other transfers between governmental funds and proprietary funds included those for the purchase of capital assets and the payment of accrued absences.

NOTE 17- LEASES

No capital leases exist as of June 30, 2008. There are three operating leases. The Mayor's auto lease began on July 1, 2004, for a period of 4 years with a minimum annual commitment of \$7,016. The Police Chief's vehicle has a minimum annual commitment of \$5,701.73, and its 4-year period began on February 23, 2004. An additional auto was leased for the Mayor's Administrative Assistant at an annual commitment of \$6,391.28. It is being leased for a period of 3 years.

NOTE 18 - PROPERTY TAXES

Property taxes are due January 1st and delinquent after December 31st. Under La. Revised Statute 33:1435, taxes are assessed and collected by the East Baton Rouge Sheriff. The City's portion is remitted by the Sheriff on a monthly basis. Taxes of 5.43 mills were levied for the most recent year. The total assessed value of property in the City is \$40,585,260 as of the 2007 tax rolls.

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

The following are the principal taxpayers for the City:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Corrosion Materials	\$ 1,535,150	3.78%
Wal-Mart Stores	1,332,200	3.28%
Agway Systems	959,900	2.37%
Hancock Bank	782,550	1.93%
Graves Chevrolet-Realty Co.	767,500	1.89%
Albertson's	738,350	1.82%
Joseph Ltd. Baker, LLC	684,700	1.69%
Bellsouth Telecommunications	561,630	1.38%
Hibernia National Bank	558,950	1.37%
Camellia Trace Ltd, Partnership	461,000	1.13%

NOTE 19 – BUSINESS-TYPE ACTIVITIES - SEGMENT INFORMATION

The City maintains three enterprise funds that provide water, gas, sewer and burial services. Segment information for the year ended June 30, 2008, is as follows:

	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	<u>Total</u>
Condensed Statement of Net Assets				
Current assets	\$ 3,027,087.19	\$ 572,640.97	\$ 202,948.68	\$ 3,802,676.84
Restricted assets	882,248.92	148,455.49	.00	1,030,704.41
Capital assets, net	<u>4,029,892.02</u>	<u>286,830.95</u>	<u>.00</u>	<u>4,316,722.97</u>
 Total Assets	 7,939,228.13	 1,007,927.41	 202,948.68	 9,150,104.22
Current liabilities	1,214,839.98	144,468.93	.00	1,359,308.91
Long-term liabilities	<u>220,577.07</u>	<u>525,041.66</u>	<u>4,082.97</u>	<u>749,701.70</u>
 Total Liabilities	 1,435,417.05	 669,510.59	 4,082.97	 2,109,010.61
Invested in capital assets, net of related debt	3,711,892.02	286,830.95	.00	3,998,722.97
Restricted	566,173.53	148,455.49	.00	714,629.02
Unrestricted	<u>2,225,745.53</u>	<u>(96,869.62)</u>	<u>198,865.71</u>	<u>2,327,741.62</u>
 Total Net Assets	 <u>6,503,811.08</u>	 <u>338,416.82</u>	 <u>198,865.71</u>	 <u>7,041,093.61</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	<u>Total</u>
Condensed Statement of Revenues, Expenses and Changes in Net Assets				
Operating revenues	\$ 3,915,512.76	\$ 166,187.15	\$ 52,214.26	\$ 4,133,914.17
Operating expenses	(3,357,901.72)	(166,748.10)	(59,449.78)	(3,584,099.60)
Depreciation expense	(308,084.88)	(22,229.70)	.00	(330,314.58)
Operating Income (loss)	249,526.16	(22,790.65)	(7,235.52)	219,499.99
Non-operating revenues (expenses), net	9,860.04	16,184.13	.00	26,044.17
Transfers, net	(291,000.00)	(18,977.92)	18,885.64	(291,092.28)
Change in Net Assets	(31,613.80)	(25,584.44)	11,650.12	(45,548.12)
Net assets, beginning	6,535,424.88	364,001.26	187,215.59	7,086,641.73
Net assets, ending	6,503,811.08	338,416.82	198,865.71	7,041,093.61
Condensed Statement of Cash Flows				
Net cash provided by (used for):				
Operating activities	\$ 636,239.65	\$ 43,925.42	\$ (12,968.66)	\$ 667,196.41
Non-capital financing activities	(291,000.00)	(18,977.92)	18,885.64	(291,092.28)
Capital and related financing activities	(633,001.13)	(32,064.25)	.00	(665,065.38)
Investing activities	31,783.12	(3,080.64)	.00	28,702.48
Net Increase (Decrease) in Cash and Cash Equivalents	(255,978.36)	(10,197.39)	5,916.98	(260,258.77)
Cash and cash equivalents, beginning of period	2,854,961.47	202,655.52	192,157.73	3,249,774.72
Cash and cash equivalents, end of period	2,598,983.11	192,458.13	198,074.71	2,989,515.95

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 20 - RELATED PARTY TRANSACTIONS

There were no related party transactions that would require disclosure in the accompanying financial statements.

NOTE 21 - LITIGATION

There are approximately five pending lawsuits against the City with maximum exposure estimated between \$5,000 and \$25,000 each. Risk Management, Inc., the City's liability and casualty carrier, is defending these claims. The City has a deductible of \$150,000 that constitutes the maximum exposure to the City.

There is one lawsuit pending against the City for which the likely outcome has not yet been determined. Finally, there is one additional lawsuit for which the likely outcome will not have a material financial impact on the City's budget. The exposure will fall within the City's deductible limit.

NOTE 22 - SUBSEQUENT EVENTS

The City was bonded for debt in the amount of \$2,000,000 for the construction of a fire complex after the close of the fiscal year. Construction has begun on this project to which the City expects reimbursement from the State of Louisiana in the amount of approximately \$1,900,000.

REQUIRED SUPPLEMENTAL INFORMATION
(PART 2 OF 2)

CITY OF BAKER, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Street maintenance (City Parish)	\$ 46,530.00	\$ 46,530.00	\$ 46,530.00	\$ -
Weed cutting (DOTD)	9,724.00	9,724.00	10,630.00	906.00
Total Intergovernmental	56,254.00	56,254.00	57,160.00	906.00
Taxes:				
Sales	3,204,000.00	3,204,000.00	3,542,956.55	338,956.55
Franchise	580,000.00	580,000.00	567,665.18	(12,334.82)
Property	275,000.00	275,000.00	283,708.31	8,708.31
Teleprompter	121,000.00	121,000.00	127,715.80	6,715.80
Industrial	56,000.00	56,000.00	62,600.00	6,600.00
Firemen's	46,000.00	46,000.00	50,213.44	4,213.44
Tobacco	-	-	33,630.28	33,630.28
Occupancy	45,000.00	45,000.00	20,378.31	(24,621.69)
Beer	10,000.00	10,000.00	11,802.59	1,802.59
Chain store	12,000.00	12,000.00	12,200.40	200.40
Total Taxes	4,349,000.00	4,349,000.00	4,712,870.86	363,870.86
Licenses and Permits:				
Insurance licenses	185,000.00	185,000.00	183,407.57	(1,592.43)
Business licenses	160,000.00	160,000.00	185,515.23	25,515.23
Building permits	9,000.00	9,000.00	11,722.85	2,722.85
Plumbing licenses	7,000.00	7,000.00	8,000.00	1,000.00
Plumbing permits	6,000.00	6,000.00	3,511.00	(2,489.00)
Electrical licenses	5,000.00	5,000.00	4,800.00	(200.00)
Electrical permits	4,500.00	4,500.00	3,611.00	(889.00)
Beer permits	2,800.00	2,800.00	1,442.50	(1,357.50)
Other licenses/permits	1,700.00	1,700.00	2,770.00	1,070.00
Total Licenses and Permits	381,000.00	381,000.00	404,780.15	23,780.15

Continued

CITY OF BAKER, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges for Services:				
Garbage collection	\$ 790,000.00	\$ 790,000.00	\$ 837,623.42	\$ 47,623.42
Public safety	45,000.00	45,000.00	108,432.00	63,432.00
Civic Center fees	30,000.00	30,000.00	39,350.00	9,350.00
Rent - utility	27,500.00	27,500.00	27,500.04	0.04
Citizen's participation	13,000.00	13,000.00	7,340.25	(5,659.75)
Rent - City property	16,100.00	16,100.00	20,544.44	4,444.44
Other charges for services	1,200.00	1,200.00	2,808.00	1,608.00
Police reports/fingerprinting/fines	159,500.00	171,500.00	151,049.60	(20,450.40)
Rent - sewer	2,500.00	2,500.00	2,499.96	(0.04)
Rezoning fees	100.00	100.00	730.00	630.00
Total Charges for Services	1,084,900.00	1,096,900.00	1,197,877.71	100,977.71
Fines:				
City court/prosecutor fees	254,200.00	254,200.00	320,454.56	66,254.56
Interest:				
Interest earned	130,000.00	132,500.00	256,729.05	124,229.05
Other Revenues:				
Grant proceeds/FEMA reimb	243,000.00	53,000.00	132,056.10	79,056.10
Other revenues	24,000.00	12,000.00	37,527.21	25,527.21
Donations	-	2,000.00	8,534.26	6,534.26
Inspection fees	800.00	800.00	7,400.00	6,600.00
Vending machine commissions	450.00	450.00	449.93	(0.07)
Total Other Revenues	268,250.00	68,250.00	185,967.50	117,717.50
Total Revenues	6,523,604.00	6,338,104.00	7,135,839.83	797,735.83

CITY OF BAKER, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>EXPENDITURES</u>				
General Government:				
Adminstrative	\$ 878,884.00	\$ 875,102.00	\$ 797,881.74	\$ 77,220.26
Alcohol control board	1,654.00	1,654.00	972.28	681.72
Beautification	66,008.00	84,008.00	81,754.91	2,253.09
Central garage	99,477.00	144,477.00	157,209.39	(12,732.39)
Central stores	75,976.00	75,976.00	56,618.11	19,357.89
City attorney	91,794.00	91,794.00	92,949.46	(1,155.46)
City court	255,118.00	258,367.20	269,793.21	(11,426.01)
Civic center	150,540.00	188,793.00	189,163.11	(370.11)
Civil service	51,495.00	53,982.00	57,713.08	(3,731.08)
Council	110,398.00	108,398.00	99,216.76	9,181.24
Council on aging	8,550.00	8,750.00	10,194.42	(1,444.42)
Economic development	25,000.00	30,000.00	29,054.20	945.80
Heritage museum	75,420.00	79,120.00	75,901.76	3,218.24
Inspection	127,000.00	127,394.00	134,011.62	(6,617.62)
Municipal annex	110,859.00	110,859.00	115,428.55	(4,569.55)
Planning commission	5,167.00	5,167.00	5,006.09	160.91
Prosecutor	108,890.00	108,890.00	112,259.21	(3,369.21)
Total General Government	2,242,230.00	2,352,731.20	2,285,127.90	67,603.30
Public Safety:				
Fire	991,057.00	1,222,566.21	1,113,906.15	108,660.06
Police	1,813,053.00	1,845,960.21	1,746,320.45	99,639.76
Fire/Police Civil Service	10,550.00	10,650.00	10,650.34	(0.34)
Total Public Safety	2,814,660.00	3,079,176.42	2,870,876.94	208,299.48

Continued

CITY OF BAKER, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Public Works:				
Public works	\$ 1,538,707.00	\$ 1,541,956.20	\$ 1,588,475.61	\$ (46,519.41)
Capital outlay	408,439.78	477,785.00	283,224.66	194,560.34
Total Expenditures	7,004,036.78	7,451,648.82	7,027,705.11	423,943.71
Excess (Deficiency) of Revenues over Expenditures	(480,432.78)	(1,113,544.82)	108,134.72	1,221,679.54
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	291,000.00	291,000.00	309,977.92	18,977.92
Operating transfers out	(386,000.00)	(506,012.00)	(146,472.34)	359,539.66
Total Other Financing Sources (Uses)	(95,000.00)	(215,012.00)	163,505.58	378,517.58
Deficiency of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(575,432.78)	(1,328,556.82)	271,640.30	1,600,197.12
Fund Balances, beginning	4,501,477.40	4,501,477.40	4,501,477.40	-
Adjustment to prior periods	-	-	2,669,869.00	2,669,869.00
Fund Balances, ending	3,926,044.62	3,172,920.58	7,442,986.70	4,270,066.12

See Auditors' Report and Accompanying Notes

CITY OF BAKER, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
STREET MAINTENANCE/CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Sales taxes	\$ 641,000.00	\$ 641,000.00	\$ 656,275.54	\$ 15,275.54
Interest earned	59,000.00	59,000.00	55,435.55	(3,564.45)
Total Revenues	700,000.00	700,000.00	711,711.09	11,711.09
<u>EXPENDITURES</u>				
Public works	687,500.00	687,500.00	3,773.21	683,726.79
Capital outlay	2,162,500.00	2,162,500.00	124,595.80	2,037,904.20
Total Expenditures	2,850,000.00	2,850,000.00	128,369.01	2,721,630.99
Excess (Deficiency) of Revenues over Expenditures	(2,150,000.00)	(2,150,000.00)	583,342.08	2,733,342.08
Fund Balances, beginning	4,277,323.52	4,277,323.52	4,277,323.52	-
Fund Balances, ending	2,127,323.52	2,127,323.52	4,860,665.60	2,733,342.08

See Auditors Report and Accompanying Notes

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
GENERAL FUND
JUNE 30, 2008 AND 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 4,262,850.64	\$ 2,439,097.37
Investments	2,142,466.04	929,171.15
Inventory, at cost	91,953.53	72,944.51
Due from other funds	100.00	100.00
Account receivables, net	319,732.50	286,577.62
Taxes receivables, net	574,151.51	555,028.76
Accrued interest receivable	27,350.12	7,560.82
Prepaid expenses	30,471.72	30,471.72
Restricted assets:		
Cash and cash equivalents	277,739.34	271,045.81
TOTAL ASSETS	7,726,815.40	4,591,997.76

LIABILITIES AND FUND BALANCES

Liabilities:		
Accounts payable	242,993.58	44,832.91
Due to other governmental agencies	1,917.80	4,725.80
Bonds held for future disposition	4,015.64	6,431.00
Deferred revenue	34,901.68	34,530.65
Total Liabilities	283,828.70	90,520.36
Fund Balances:		
Reserved for inventory	91,953.53	72,944.51
Unreserved:		
Designated for insurance	22,071.72	15,144.23
Designated for special events	16,492.08	14,088.47

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET (Continued)
GENERAL FUND
JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Designated for capital improvements	\$ 251,341.85	\$ 414,786.08
Designated for law enforcement	69,520.12	16,095.90
Designated for fire protection	150,696.21	126,547.73
Designated for economic development	93,523.14	77,794.18
Designated for beautification and grounds	215,941.78	191,597.84
Designated for condemnation	10,892.39	937.39
Undesignated	<u>6,520,553.88</u>	<u>3,571,541.07</u>
Total Fund Balances	<u>7,442,986.70</u>	<u>4,501,477.40</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>7,726,815.40</u></u>	<u><u>4,591,997.76</u></u>

See Auditors' Report and Accompanying Notes

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>REVENUES</u>		
Intergovernmental:		
Street maintenance (City Parish)	\$ 46,530.00	\$ 58,162.50
Weed cutting (DOTD)	10,630.00	9,724.24
	<hr/>	<hr/>
Total Intergovernmental	57,160.00	67,886.74
Taxes:		
Sales	3,542,956.55	3,384,427.71
Franchise	567,665.18	546,153.29
Property	283,708.31	269,024.78
Teleprompter	127,715.80	124,215.32
Industrial	62,600.00	60,149.00
Firemen's	50,213.44	49,566.09
Tobacco	33,630.28	-
Occupancy	20,378.31	30,750.00
Beer	11,802.59	12,513.35
Chain store	12,200.40	10,529.00
	<hr/>	<hr/>
Total Taxes	4,712,870.86	4,487,328.54
Licenses and Permits:		
Insurance licenses	183,407.57	190,454.97
Business licenses	185,515.23	166,129.42
Building permits	11,722.85	17,750.65
Plumbing licenses	8,000.00	8,410.00
Plumbing permits	3,511.00	5,959.00
Electrical licenses	4,800.00	4,400.00
Electrical permits	3,611.00	3,901.00
Beer permits	1,442.50	2,712.50
Other licenses/permits	2,770.00	2,045.00
	<hr/>	<hr/>
Total Licenses and Permits	404,780.15	401,762.54

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Charges for Services:		
Garbage collection	\$ 837,623.42	\$ 806,755.84
Public safety	108,432.00	63,048.00
Civic Center fees	39,350.00	29,315.00
Rent - utility	27,500.04	27,500.04
Citizen's participation	7,340.25	26,777.90
Rent - City property	20,544.44	17,088.44
Other charges for services	2,808.00	14,656.95
Police reports/fingerprinting/fines	151,049.60	11,212.52
Rent - sewer	2,499.96	2,499.96
Rezoning fees	730.00	1,055.00
	<hr/>	<hr/>
Total Charges for Services	1,197,877.71	999,909.65
Fines:		
City court/prosecutor fees	320,454.56	289,623.84
Interest:		
Interest earned	256,729.05	47,471.68
Other Revenues:		
Grant proceeds and FEMA reimbursements	132,056.10	742,811.21
Other revenues	37,527.21	14,926.94
Donations	8,534.26	26,421.57
Inspection fees	7,400.00	1,680.00
Vending machine commissions	449.93	432.01
	<hr/>	<hr/>
Total Other Revenues	185,967.50	786,271.73
	<hr/>	<hr/>
Total Revenues	7,135,839.83	7,080,254.72

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>EXPENDITURES</u>		
General Government:		
Administrative		
Association dues	\$ -	\$ 2,414.00
Auditing fees	14,510.28	11,287.99
Auto lease	14,932.90	12,837.86
Christmas/other special events	11,628.51	2,385.25
Codification	4,779.75	400.00
Computer expense	900.00	4,536.50
Demolition expense	-	15,271.00
Election expense	17,463.00	-
Employee drug testing	7,050.79	5,387.18
Equipment rental	1,253.16	739.52
Gas and oil	7,259.78	6,120.42
Insurance	313,363.81	246,332.22
Lease/Baker Civic Club	-	30.00
Maintenance and repairs	38,380.88	7,988.16
Maintenance of vehicles	524.65	503.90
Memorial - War Veterans	2,302.35	-
Municipal assessment roll	5,627.50	5,507.50
Official journal	16,169.36	13,280.66
Other expenditures	-	297.34
Postage	2,138.12	2,037.14
Public relations	1,836.52	1,012.91
Recreation	-	9,878.95
Retirement	34,929.21	42,309.48
Salaries	276,033.04	243,376.05
Seminars	3,209.00	1,005.00
Supplies	9,802.48	11,061.16
Telephone	6,563.74	21,047.00
Travel allowance	3,380.16	1,108.00
Trust fees	3,579.00	7,063.57
Uniforms	46.91	99.94
Utility fire hydrant rentals	216.84	216.84
Total Administrative	797,881.74	675,535.54

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Alcohol/Beverage Control Board		
Insurance	\$ 112.73	\$ 27.35
Retirement	74.12	211.84
Salaries	600.00	1,200.00
Supplies	185.43	118.88
Total Alcohol Control Board	972.28	1,558.07
Beautification		
Gas and oil	4,007.16	2,275.76
Insurance	11,555.11	12,723.14
Maintenance of vehicles	1,352.05	917.88
Retirement	4,058.62	5,708.04
Salaries and overtime	43,078.35	44,969.87
Supplies	17,177.65	9,496.91
Uniforms	525.97	468.99
Total Beautification	81,754.91	76,560.59
Central Garage		
Association dues	200.00	-
Computer expense	1,783.64	966.00
Equipment rental	784.90	826.50
Gas and oil	1,911.70	944.18
Insurance	20,704.64	14,274.79
Maintenance and repairs	1,325.40	602.11
Maintenance of vehicles	730.71	-
Retirement	933.81	6,263.43
Salaries and overtime	126,906.44	38,744.26
Seminars	278.00	-
Supplies	732.22	1,180.90
Telephone	360.07	-
Uniforms	557.86	368.12
Total Central Garage	157,209.39	64,170.29

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Central Stores		
Computer	\$ 80.00	\$ 435.00
Gas and oil	108.99	39.60
Insurance	8,389.14	6,831.12
Maintenance and repairs	115.65	1,423.43
Maintenance of vehicles	524.94	17.40
Postage	36.77	-
Retirement	5,381.94	5,762.08
Salaries and overtime	37,749.12	33,025.37
Supplies	3,053.89	1,247.84
Telephone	841.23	1,519.48
Uniforms	336.44	503.50
Total Central Stores	56,618.11	50,804.82
City Attorney		
Association dues	40.00	40.00
Computer	599.99	950.00
Insurance	8,641.50	8,425.45
Outside legal services	16,419.72	12,151.34
Postage	43.85	90.34
Retirement	9,468.66	9,941.90
Salaries	56,224.08	49,174.08
Seminars	260.00	250.00
Telephone	530.66	279.93
Travel allowance	721.00	-
Total City Attorney	92,949.46	81,303.04
City Court		
Auditing fees	5,500.00	5,500.00
Computer	-	840.42
Equipment rental	505.44	354.90
Insurance	31,218.84	31,181.79
Judge's expense	2,100.00	2,100.00
Maintenance and repairs	3,517.20	499.90
Postage	2,988.30	2,381.42

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Retirement	\$ 24,120.81	\$ 26,263.73
Salaries	185,380.93	159,684.07
Supplies	1,549.27	1,123.59
Telephone	3,271.73	6,264.34
Utilities	9,640.69	9,394.21
Total City Court	<u>269,793.21</u>	<u>245,588.37</u>
Civic Center		
Gas and oil	2,914.12	2,413.99
Insurance	44,294.80	43,274.51
Maintenance and repairs	3,936.26	25,528.63
Maintenance of vehicles	1,163.63	2,382.73
Retirement	13,388.57	16,544.02
Salaries and overtime	112,875.29	107,940.60
Supplies	7,458.77	7,731.33
Telephone	2,276.18	1,685.57
Uniforms	855.49	620.26
Total Civic Center	<u>189,163.11</u>	<u>208,121.64</u>
Civil Service		
Computer	-	595.00
Insurance	7,378.58	7,482.04
Maintenance and repairs	-	85.00
Postage	166.82	195.43
Retirement	6,091.64	6,902.66
Salaries and overtime	41,196.81	39,135.88
Seminars	160.00	160.00
Supplies	1,250.44	477.83
Telephone	1,468.79	1,786.05
Total Civil Service	<u>57,713.08</u>	<u>56,819.89</u>

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Council		
Association dues	\$ 645.00	\$ 685.00
Computer	-	1,977.00
Council clerk	15,000.00	12,000.00
Expense allowance	12,000.00	12,000.00
Insurance	1,154.35	1,127.55
Postage	348.22	610.56
Retirement	5,186.04	4,954.78
Salaries	51,000.00	51,000.00
Seminars	1,610.00	1,810.00
Supplies	1,768.98	1,134.80
Telephone	2,889.18	3,513.72
Telephone - private lines	715.32	544.06
Travel allowance	6,899.67	4,262.09
Total Council	99,216.76	95,619.56
Council on Aging		
Equipment rental	-	157.32
Maintenance and repairs	1,756.29	1,691.00
Supplies	1,532.56	1,818.01
Telephone	1,667.26	1,132.91
Utilities	5,238.31	4,393.31
Total Council on Aging	10,194.42	9,192.55
Economic Development		
Contracted services	19,898.61	16,900.00
Supplies	9,155.59	4,016.30
Total Economic Development	29,054.20	20,916.30
Heritage Museum		
Computer	372.44	1,889.33
Contracted services	-	18,000.00
Equipment rental	612.12	527.48
Exhibit construction	3,008.39	4,200.00
Insurance	9,788.47	11,038.79

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Maintenance and repairs	\$ 12,267.85	\$ 6,807.28
Postage	114.41	298.57
Retirement	167.34	771.49
Salaries	28,742.20	13,913.40
Seminars	-	150.00
Supplies	8,479.88	10,189.87
Telephone	5,564.24	1,856.22
Uniforms	93.75	194.98
Utilities	6,690.67	6,514.91
Total Heritage Museum	75,901.76	76,352.32
Inspection		
Association dues	150.00	150.00
Computer	1,824.97	328.35
Equipment rental	336.96	236.66
Gas and oil	981.87	671.23
Insurance	32,536.30	29,504.19
Maintenance of vehicles	633.30	789.98
Postage	302.67	348.89
Retirement	10,888.10	11,297.80
Salaries and overtime	82,691.62	68,200.89
Supplies	1,599.19	2,032.45
Telephone	2,051.41	2,603.40
Uniforms	15.23	150.00
Total Inspection	134,011.62	116,313.84
Municipal Annex		
Gas and oil	1,514.33	915.60
Insurance	15,923.31	16,780.09
Maintenance and repairs	10,827.58	5,693.79
Maintenance of vehicles	159.00	360.00
Retirement	7,172.05	6,842.80
Salaries and overtime	76,991.77	58,834.96
Supplies	2,456.98	1,930.61

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Uniforms	\$ -	\$ 236.00
Utilities	383.53	-
Motor vehicles building expense	-	17,604.63
Total Municipal Annex	115,428.55	109,198.48
Planning Commission		
Insurance	918.10	240.40
Retirement	487.99	631.24
Salaries	3,600.00	3,600.00
Total Planning Commission	5,006.09	4,471.64
Prosecution		
Computer	1,150.24	805.41
Equipment rental	126.36	88.74
Insurance	15,093.83	15,227.50
Maintenance and repairs	570.00	755.86
Postage	455.65	646.97
Retirement	8,943.42	9,948.24
Salaries	74,381.46	68,057.12
Seminars	130.00	300.00
Supplies	7,495.23	2,907.64
Telephone	1,038.74	1,294.03
Travel allowance	1,558.00	308.70
Utilities	1,316.28	1,283.34
Total Prosecution	112,259.21	101,623.55
Total General Government	2,285,127.90	1,994,150.49
Public Safety:		
Fire		
Association dues	-	177.00
Computer expense	2,837.98	9,931.20
Contracted services	28,079.00	110,566.00
Equipment rental	1,036.20	6,672.00

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Facilities - temporary	\$ 69,932.13	\$ -
Fire prevention	219.00	2,587.47
Fire training	3,985.00	6,405.95
Gas and oil	27,399.07	22,284.78
Insurance	250,521.58	220,276.92
Maintance and repairs	6,585.64	12,676.91
Maintenance of vehicles	16,226.16	14,414.99
Medical supplies	754.33	863.11
Postage	78.10	52.03
Retirement	83,866.68	76,877.81
Salaries and overtime	544,899.09	523,152.24
Seminars	1,713.05	125.00
Supplies	35,577.88	54,780.66
Telephone	13,878.31	10,683.96
Travel allowance	1,223.69	1,260.00
Uniforms	9,500.50	9,218.01
Utilities	15,592.76	15,459.16
Total Fire	1,113,906.15	1,098,465.20
Police		
Association dues	540.00	225.00
Auto lease	5,479.54	7,196.15
Auxillary pay	10,710.11	16,994.00
Auxillary supplies	530.76	-
Computer expense	5,778.27	7,705.76
Equipment rental	1,053.00	739.52
Firearms training	1,651.56	1,677.50
Gas and oil	116,841.07	97,768.47
Insurance	359,707.55	405,444.59
Junior deputies	265.00	-
Law enforcement expense	9,870.55	5,065.09
Maintance and repairs	12,385.08	10,541.69
Maintenance of vehicles	21,370.10	24,902.82
Medical supplies	-	1,042.09
Police chief's expense	2,500.00	2,400.00

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Postage	\$ 774.16	\$ 915.30
Prisoner expense	57.36	66.00
Psychological testing	1,250.00	875.00
Retirement	121,824.86	128,150.09
Salaries and overtime	936,729.22	947,332.96
Seminars	5,256.00	1,677.60
Supplies	74,591.34	83,510.23
Telephone	28,801.21	29,018.52
Travel allowance	2,117.08	2,836.53
Uniforms	9,853.47	7,947.24
Utilities	16,383.16	16,214.21
Total Police	1,746,320.45	1,800,246.36
Fire/Police Civil Service		
Insurance	487.10	153.28
Legal fees	3,425.00	93.75
Postage	177.73	9.10
Retirement	650.97	350.65
Salaries	5,800.00	4,768.75
Supplies	-	606.61
Telephone	109.54	-
Total Fire/Police Civil Service	10,650.34	5,982.14
Total Public Safety	2,870,876.94	2,904,693.70
Public Works:		
Animal control	27,000.00	18,000.00
Computer expense	858.80	1,742.93
Engineering fees	640.00	5,315.00
Equipment rental	252.72	177.48
Garbage collection	714,741.26	797,924.13
Gas and oil	30,447.80	18,721.94
Herbicide/weed killer	10,322.85	12,558.33
Insurance	140,984.08	115,004.06

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Landfill fees	\$ 6,974.00	\$ 8,782.00
Maintance and repairs	34,141.04	57,199.93
Maintenance of vehicles	25,566.36	27,712.53
Postage	313.56	193.15
Retirement	35,754.69	40,339.51
Salaries and overtime	354,872.97	294,686.33
Security and traffic lights	172,058.71	171,938.09
Seminars	287.00	170.00
Supplies	14,528.75	9,734.98
Telephone	5,903.34	6,915.60
Uniforms	5,667.94	3,681.81
Utilities	7,159.74	10,136.61
Total Public Works	1,588,475.61	1,600,934.41
Capital Outlay:		
Administrative		
Bus shelters/benches	-	1,640.00
Software/networking	90,724.52	30,267.85
Police		
Computers and related equipment	1,829.80	1,948.99
Canine	12,500.00	-
Furniture	-	6,845.00
Public Works		
Aerator/Baker Pond	-	4,125.70
Office	35,489.17	16,234.32
Tractor and related equipment	66,044.78	-
Vehicles	9,354.39	-
Fire		
Computers and related equipment	-	17,600.00
Land	-	325,000.00
Safety equipment/house	-	102,258.34
Council		
Computers	-	1,414.97

Continued

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
GENERAL FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Buildings and Grounds		
Appliances	\$ 2,247.00	\$ -
Memorial Plaza	-	20,985.91
Renovations to buildings	-	104,795.05
Sound equipment	6,035.00	-
City Court/Prosecutor		
Copier	-	7,500.00
Computer equipment/software	59,000.00	25,000.00
Total Capital Outlay	<u>283,224.66</u>	<u>665,616.13</u>
Total Expenditures	<u>7,027,705.11</u>	<u>7,165,394.73</u>
Deficiency of Revenues over Expenditures	108,134.72	(85,140.01)
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating transfers in	309,977.92	327,150.80
Operating transfers out	<u>(146,472.34)</u>	<u>(132,293.00)</u>
Total Other Financing Sources (Uses)	<u>163,505.58</u>	<u>194,857.80</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	271,640.30	109,717.79
Fund Balances, beginning	4,501,477.40	4,391,759.61
Adjustment to prior periods - sales tax	<u>2,669,869.00</u>	<u>-</u>
Fund Balances, ending	<u><u>7,442,986.70</u></u>	<u><u>4,501,477.40</u></u>

See Auditors' Report and Accompanying Notes

**CITY OF BAKER, LOUISIANA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2008**

With Comparative Totals for June 30, 2007

	911 Communications	Supplemental Pay	Fire/Police Special Tax	Street Maintenance/ Construction	City Court	Totals (Memorandum Only)	
						2008	2007
ASSETS							
Cash and cash equivalents	\$ 178,264.85	\$ -	\$ -	\$ -	\$ 131,035.77	\$ 309,300.62	\$ 274,293.38
Due from other funds	-	31,769.44	-	-	-	31,769.44	43,769.44
Due from other governmental agencies	-	-	67,239.53	55,537.76	-	122,777.29	129,083.77
Accrued interest receivable	-	-	-	22.93	-	22.93	22.93
Restricted assets:							
Cash and cash equivalents	-	-	509,729.12	2,028,130.00	-	2,537,859.12	1,782,249.65
Investments	-	119,135.32	-	2,776,974.91	-	2,896,110.23	2,904,739.97
TOTAL ASSETS	178,264.85	150,904.76	576,968.65	4,860,665.60	131,035.77	5,897,839.63	5,134,159.14

LIABILITIES AND FUND BALANCES

Liabilities:							
Accounts payable	-	-	5,678.96	-	4,789.91	10,468.87	52,716.39
Due to other funds	-	-	31,769.44	-	100.00	31,869.44	43,869.44
Total Liabilities	-	-	37,448.40	-	4,889.91	42,338.31	96,585.83

CITY OF BAKER, LOUISIANA
COMBINING BALANCE SHEET (Continued)
SPECIAL REVENUE FUNDS
JUNE 30, 2008

With Comparative Totals for June 30, 2007

	911 Communications	Supplemental Pay	Fire/Police Special Tax	Street Maintenance/ Construction	City Court	Totals (Memorandum Only)	
						2008	2007
Fund Balances:							
Reserved for fire/police salaries and equip	\$ -	\$ 150,904.76	\$ 539,520.25	\$ -	\$ -	\$ 690,425.01	\$ 528,146.95
Reserved for street maint/construction	-	-	-	4,860,665.60	-	4,860,665.60	4,277,323.52
Unreserved:							
Designated for 911 services	178,264.85	-	-	-	-	178,264.85	151,088.58
Designated for court operations	-	-	-	-	126,145.86	126,145.86	81,014.26
Total Fund Balances	178,264.85	150,904.76	539,520.25	4,860,665.60	126,145.86	5,855,501.32	5,037,573.31
TOTAL LIABILITIES AND FUND BALANCES	178,264.85	150,904.76	576,968.65	4,860,665.60	131,035.77	5,897,839.63	5,134,159.14

CITY OF BAKER, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2008

With Comparative Totals for the Year Ended June 30, 2007

	911 Communications	Supplemental Pay	Fire/Police Special Tax	Street Maintenance/ Construction	City Court	Totals (Memorandum Only)	
						2008	2007
REVENUES							
Intergovernmental	\$ 138,783.84	\$ -	\$ -	\$ -	\$ -	\$ 138,783.84	\$ 138,783.84
Taxes	-	-	813,838.88	656,275.54	-	1,470,114.42	1,490,727.31
Charges for services	-	-	-	-	209,172.67	209,172.67	170,035.83
Grant proceeds	-	-	138,515.60	-	-	138,515.60	41,854.75
Interest earned	-	4,146.42	-	55,435.55	21.81	59,603.78	68,992.78
Other revenues	27,274.77	-	56,385.84	-	-	83,660.61	16,930.87
Total Revenues	166,058.61	4,146.42	1,008,740.32	711,711.09	209,194.48	2,099,850.92	1,927,325.38
EXPENDITURES							
General government	-	-	-	-	164,062.88	164,062.88	120,317.17
Public safety	172,600.02	181.10	832,487.56	-	-	1,005,268.68	1,051,944.03
Public works	-	-	-	3,773.21	-	3,773.21	6,063.24
Capital outlay	-	-	111,809.04	124,595.80	-	236,404.84	703,043.71
Total Expenditures	172,600.02	181.10	944,296.60	128,369.01	164,062.88	1,409,509.61	1,881,368.15
Excess (Deficiency) of Revenues over Expenditures	(6,541.41)	3,965.32	64,443.72	583,342.08	45,131.60	690,341.31	45,957.23

CITY OF BAKER, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
YEAR ENDED JUNE 30, 2008

With Comparative Totals for the Year Ended June 30, 2007

	911 Communications	Supplemental Pay	Fire/Police Special Tax	Street Maintenance/ Construction	City Court	Totals (Memorandum Only)	
						2008	2007
OTHER FINANCING SOURCES (USES)							
Operating transfers, net	\$ 33,717.68	\$ -	\$ 93,869.02	\$ -	\$ -	\$ 127,586.70	\$ 107,893.00
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	27,176.27	3,965.32	158,312.74	583,342.08	45,131.60	817,928.01	153,850.23
Fund Balances, beginning	151,088.58	146,939.44	381,207.51	4,277,323.52	81,014.26	5,037,573.31	4,883,723.08
Fund Balances, ending	178,264.85	150,904.76	539,520.25	4,860,665.60	126,145.86	5,855,501.32	5,037,573.31

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
911 COMMUNICATIONS FUND
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 178,264.85	\$ 169,537.01
TOTAL ASSETS	<u>178,264.85</u>	<u>169,537.01</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities	-	18,448.43
Fund Balances:		
Unreserved:		
Designated for 911 services	<u>178,264.85</u>	<u>151,088.58</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>178,264.85</u>	<u>169,537.01</u>

See Auditors' Report and Accompanying Notes

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
911 COMMUNICATIONS FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>REVENUES</u>		
EMS payments	\$ 138,783.84	\$ 138,783.84
Other revenues	27,274.77	-
	<hr/>	<hr/>
Total Revenues	166,058.61	138,783.84
 <u>EXPENDITURES</u>		
Salaries and overtime	85,674.30	86,625.38
Retirement	12,645.92	14,204.84
Computer expense	4,751.10	-
Education	220.00	409.00
Insurance	18,395.22	18,143.02
Maintenance and repairs	5,840.71	723.79
Supplies	44,561.67	25,445.97
Travel allowance	511.10	407.70
Capital outlay	-	4,511.26
	<hr/>	<hr/>
Total Expenditures	172,600.02	150,470.96
Deficiency of Revenues over Expenditures	(6,541.41)	(11,687.12)
 <u>OTHER FINANCING SOURCES (USES)</u>		
Transfers to/from General Fund	33,717.68	(8,100.00)
	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	27,176.27	(19,787.12)
Fund Balances, beginning	151,088.58	170,875.70
	<hr/>	<hr/>
Fund Balances, ending	178,264.85	151,088.58
	<hr/> <hr/>	<hr/> <hr/>

See Auditors' Report and Accompanying Notes

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
SUPPLEMENTAL PAY FUND
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Due from Fire/Police Special Tax Fund	\$ 31,769.44	\$ 43,769.44
Restricted assets:		
Investments	<u>119,135.32</u>	<u>103,170.00</u>
TOTAL ASSETS	<u><u>150,904.76</u></u>	<u><u>146,939.44</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities	-	-
Fund Balances:		
Reserved for fire/police salaries	<u>150,904.76</u>	<u>146,939.44</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>150,904.76</u></u>	<u><u>146,939.44</u></u>

See Auditors' Report and Accompanying Notes

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SUPPLEMENTAL PAY FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>REVENUES</u>		
Interest earned	\$ 4,146.42	\$ 4,798.48
Total Revenues	4,146.42	4,798.48
<u>EXPENDITURES</u>		
Money market fees	181.10	357.41
Total Expenditures	181.10	357.41
Excess of Revenues over Expenditures	3,965.32	4,441.07
Fund Balances, beginning	146,939.44	142,498.37
Fund Balances, ending	150,904.76	146,939.44

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
FIRE/POLICE SPECIAL TAX FUND
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Due from other governmental agencies	\$ 67,239.53	\$ 70,922.05
Restricted assets:		
Cash and cash equivalents	<u>509,729.12</u>	<u>364,680.75</u>
TOTAL ASSETS	<u>576,968.65</u>	<u>435,602.80</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	5,678.96	10,625.85
Due to Supplemental Pay Fund	<u>31,769.44</u>	<u>43,769.44</u>
Total Liabilities	37,448.40	54,395.29
Fund Balances:		
Reserved for fire/police salaries	<u>539,520.25</u>	<u>381,207.51</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>576,968.65</u>	<u>435,602.80</u>

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FIRE/POLICE SPECIAL TAX FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>REVENUES</u>		
Sales taxes	\$ 813,838.88	\$ 808,756.15
Grant proceeds	138,515.60	41,854.75
Reserve officer services	37,884.90	-
Other revenues	18,500.94	16,930.87
	<hr/>	<hr/>
Total Revenues	1,008,740.32	867,541.77
 <u>EXPENDITURES</u>		
Salaries and overtime	545,547.44	599,594.41
Retirement	78,450.20	85,349.71
Insurance	22,341.26	10,154.77
Maintenance and repairs	3,336.49	6,059.24
Professional services	166,432.00	173,755.00
Supplies	16,380.17	30,713.79
Capital outlay	111,809.04	427,544.74
	<hr/>	<hr/>
Total Expenditures	944,296.60	1,333,171.66
Excess (Deficiency) of Revenues over Expenditures	64,443.72	(465,629.89)
 <u>OTHER FINANCING SOURCES (USES)</u>		
Transfers to/from General Fund	93,869.02	115,993.00
	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	158,312.74	(349,636.89)
Fund Balances, beginning	381,207.51	730,844.40
	<hr/>	<hr/>
Fund Balances, ending	539,520.25	381,207.51
	<hr/>	<hr/>

See Auditors' Report and Accompanying Notes

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
STREET MAINTENANCE/CONSTRUCTION FUND
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Due from other governmental agencies	\$ 55,537.76	\$ 58,161.72
Accrued interest receivable	22.93	22.93
Restricted assets:		
Cash and cash equivalents	2,028,130.00	1,417,568.90
Investments	2,776,974.91	2,801,569.97
TOTAL ASSETS	<u><u>4,860,665.60</u></u>	<u><u>4,277,323.52</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities	-	-
Fund Balances:		
Reserved for street maintenance/construction	<u>4,860,665.60</u>	<u>4,277,323.52</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>4,860,665.60</u></u>	<u><u>4,277,323.52</u></u>

See Auditors' Report and Accompanying Notes

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
STREET MAINTENANCE/CONSTRUCTION FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>REVENUES</u>		
Sales taxes	\$ 656,275.54	\$ 681,971.16
Interest earned	55,435.55	64,174.25
	<hr/>	<hr/>
Total Revenues	711,711.09	746,145.41
 <u>EXPENDITURES</u>		
Bank/trust fees	2,378.84	4,694.90
Supplies and materials	1,394.37	1,368.34
Capital outlay	124,595.80	270,987.71
	<hr/>	<hr/>
Total Expenditures	128,369.01	277,050.95
Excess of Revenues over Expenditures	583,342.08	469,094.46
 Fund Balances, beginning	<hr/> 4,277,323.52	<hr/> 3,808,229.06
 Fund Balances, ending	<hr/> 4,860,665.60	<hr/> 4,277,323.52

See Auditors' Report and Accompanying Notes

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
CITY COURT FUND
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 131,035.77	\$ 104,756.37
TOTAL ASSETS	<u>131,035.77</u>	<u>104,756.37</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	-	17,546.65
Payroll taxes payable	4,789.91	6,095.46
Due to other funds	<u>100.00</u>	<u>100.00</u>
 Total Liabilities	 4,889.91	 23,742.11
 Fund Balances:		
Unreserved:		
Designated for court operations	<u>126,145.86</u>	<u>81,014.26</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>131,035.77</u>	 <u>104,756.37</u>

See Auditors' Report and Accompanying Notes

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CITY COURT FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>REVENUES</u>		
Court costs earned	\$ 209,172.67	\$ 170,035.83
Interest earned	21.81	20.05
	<hr/>	<hr/>
Total Revenues	209,194.48	170,055.88
<u>EXPENDITURES</u>		
Ad hoc judge/subpoenas	2,150.00	3,000.00
Computer expenses	10,793.22	10,639.49
Drug testing	750.00	-
Insurance	-	1,322.00
Library/training	10,728.58	-
Office and supplies	14,808.76	18,003.69
Professional fees	679.00	678.00
Repairs and maintenance	1,449.50	4,226.00
Salaries and related expenses	113,992.76	76,572.83
Seminars and travel	8,711.06	5,875.16
	<hr/>	<hr/>
Total Expenditures	164,062.88	120,317.17
	<hr/>	<hr/>
Excess of Revenues over Expenditures	45,131.60	49,738.71
	<hr/>	<hr/>
Fund Balances, beginning	81,014.26	31,275.55
	<hr/>	<hr/>
Fund Balances, ending	126,145.86	81,014.26
	<hr/>	<hr/>

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
UTILITY FUND
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 1,899,172.11	\$ 1,956,950.10
Inventory	30,667.28	54,607.00
Accounts receivable, net of allowance for doubtful accounts; \$70,354.05 in 2008 & \$41,063.99 in 2007	811,445.24	715,519.38
Unbilled receivables	180,231.76	159,707.97
Assessments receivable	94,500.40	-
Accrued interest receivable	9,703.93	9,703.93
Prepaid expenses	1,366.47	1,366.47
	<hr/>	<hr/>
Total Current Assets	3,027,087.19	2,897,854.85
Restricted Assets:		
Cash and cash equivalents	699,811.00	898,011.37
Investments	182,437.92	182,437.92
	<hr/>	<hr/>
Total Restricted Assets	882,248.92	1,080,449.29
Fixed Assets:		
Property, plant and equipment, at cost, net of accumulated depreciation of \$6,131,623.51 in 2008 and \$5,823,538.63 in 2007	4,029,892.02	4,033,874.85
	<hr/>	<hr/>
TOTAL ASSETS	<u><u>7,939,228.13</u></u>	<u><u>8,012,178.99</u></u>

CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET (Continued)
UTILITY FUND
JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Payable from current assets:		
Accounts payable	\$ 328,546.45	\$ 123,571.34
Revenue bonds payable	70,838.65	-
	<hr/>	<hr/>
Total Current Liabilities (Payable from Current Assets)	399,385.10	123,571.34
Payable from restricted assets:		
Revenue bonds payable	247,161.35	305,000.00
Accrued interest payable	2,120.00	4,096.00
Customer deposits	566,173.53	505,509.76
	<hr/>	<hr/>
Total Current Liabilities (Payable from Restricted Assets)	815,454.88	814,605.76
	<hr/>	<hr/>
Total Current Liabilities	1,214,839.98	938,177.10
Long-Term Liabilities:		
Revenue bonds payable	-	52,156.47
Compensated absences payable	220,577.07	220,577.07
Payable from restricted assets:		
Revenue bonds payable	-	265,843.53
	<hr/>	<hr/>
Total Long-Term Liabilities	220,577.07	538,577.07
	<hr/>	<hr/>
Total Liabilities	1,435,417.05	1,476,754.17

CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET (Continued)
UTILITY FUND
JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 3,711,892.02	\$ 3,410,874.85
Restricted for customer deposits	566,173.53	505,509.76
Unrestricted	<u>2,225,745.53</u>	<u>2,619,040.21</u>
Total Net Assets	<u>6,503,811.08</u>	<u>6,535,424.82</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>7,939,228.13</u></u>	<u><u>8,012,178.99</u></u>

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
UTILITY FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>OPERATING REVENUES</u>		
Charges for services:		
Water sales	\$ 934,251.98	\$ 920,925.20
Gas sales	2,017,027.67	2,071,685.59
Reconnection charges	184,629.53	164,544.65
Sewer fees	575,793.34	567,738.98
Assessments	117,991.10	-
Penalties and other late charges	84,371.91	102,550.64
Other operating revenues	1,447.23	14,128.86
	<hr/>	<hr/>
Total Operating Revenues	3,915,512.76	3,841,573.92
<u>OPERATING EXPENSES</u>		
Administrative	182,756.34	125,881.87
Depreciation	308,084.88	272,103.80
Employee and related expenses	976,680.70	907,361.46
Occupancy	123,205.34	105,180.37
Personal services	2,075,259.34	1,905,695.76
	<hr/>	<hr/>
Total Operating Expenses	3,665,986.60	3,316,223.26
Operating Income	249,526.16	525,350.66
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest earned	31,783.12	51,106.59
Contributions	4,172.17	6,748.92
Interest expense	(26,095.25)	(38,676.65)
	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	9,860.04	19,178.86
Income Before Operating Transfers	259,386.20	544,529.52

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS (Continued)
UTILITY FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>OPERATING TRANSFERS</u>		
Transfers to/from General Fund	<u>\$ (291,000.00)</u>	<u>\$ (254,530.79)</u>
Total Operating Transfers	<u>(291,000.00)</u>	<u>(254,530.79)</u>
Change in Net Assets	(31,613.80)	289,998.73
Net Assets, beginning	<u>6,535,424.88</u>	<u>6,245,426.15</u>
Net Assets, ending	<u><u>6,503,811.08</u></u>	<u><u>6,535,424.88</u></u>

See Auditors' Report and Accompanying Notes

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS
UTILITY FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 3,763,779.25	\$ 3,506,047.80
Cash paid to suppliers for goods/services	(2,150,858.90)	(2,016,231.08)
Cash paid to employees for services	(976,680.70)	(907,361.46)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	636,239.65	582,455.26
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Net operating transfers	(291,000.00)	(254,530.79)
	<hr/>	<hr/>
Net Cash Used for Non-Capital Financing Activities	(291,000.00)	(254,530.79)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributed by property owners	4,172.17	6,748.92
Interest received from bond proceeds	-	13,123.73
Acquisition of capital assets	(304,102.05)	(468,780.65)
Interest paid on bonds	(28,071.25)	(41,154.25)
Principal paid on bond maturities	(305,000.00)	(290,000.00)
	<hr/>	<hr/>
Net Cash Used for Capital and Related Financing Activities	(633,001.13)	(780,062.25)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	31,783.12	38,463.56
Purchase/maturities of securities	-	205,750.31
	<hr/>	<hr/>
Net Cash Provided by Investing Activities	31,783.12	244,213.87

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS (Continued)
UTILITY FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Net Decrease in Cash and Cash Equivalents	\$ (255,978.36)	\$ (207,923.91)
Cash and Cash Equivalents, beginning of year	<u>2,854,961.47</u>	<u>3,062,885.38</u>
Cash and Cash Equivalents, end of year	<u><u>2,598,983.11</u></u>	<u><u>2,854,961.47</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	249,526.16	525,350.66
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	308,084.88	272,103.80
(Increase) decrease in assets:		
Inventory	23,939.72	(59.12)
Accounts receivable	(210,950.05)	(390,311.30)
Increase (decrease) in liabilities:		
Accounts payable	204,975.17	106,457.24
Customer deposits	<u>60,663.77</u>	<u>68,914.04</u>
Net Cash Provided by Operating Activities	<u><u>636,239.65</u></u>	<u><u>582,455.32</u></u>
 BALANCE SHEET PRESENTATION OF CASH:		
Current Assets:		
Cash and cash equivalents	1,899,172.11	1,956,950.10
Restricted Assets:		
Cash and cash equivalents	<u>699,811.00</u>	<u>898,011.37</u>
Cash and Cash Equivalents, end of year	<u><u>2,598,983.11</u></u>	<u><u>2,854,961.47</u></u>

See Auditors' Report and Accompanying Notes

CITY OF BAKER, LOUISIANA
COMPARATIVE SCHEDULE OF OPERATING EXPENSES
UTILITY FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ADMINISTRATIVE</u>		
Association dues	\$ 365.00	\$ 430.00
Bad debts	29,290.06	-
Collection agency fees	-	312.27
Computer expenses	99,636.73	92,663.50
Office supplies	7,866.76	2,617.80
Postage	22,764.90	9,746.24
Professional fees	21,239.20	18,875.70
Public relations	1,593.69	1,236.36
	<hr/>	<hr/>
Total Administrative	182,756.34	125,881.87
 <u>DEPRECIATION</u>		
Depreciation - sewer	29,236.91	31,242.21
Depreciation - gas	67,750.54	66,900.54
Depreciation - water	98,753.91	98,216.41
Depreciation - other equipment/buildings	112,343.52	75,744.64
	<hr/>	<hr/>
Total Depreciation	308,084.88	272,103.80
 <u>EMPLOYEE AND RELATED EXPENSES</u>		
Employee drug testing	892.77	1,219.50
Insurance	71,213.88	100,647.82
Retirement	89,565.15	98,057.08
Salaries and overtime	798,409.11	700,045.56
Travel and education	8,099.19	1,275.00
Uniforms	8,500.60	6,116.50
	<hr/>	<hr/>
Total Employee and Related Expenses	976,680.70	907,361.46

CITY OF BAKER, LOUISIANA
COMPARATIVE SCHEDULE OF OPERATING EXPENSES (Continued)
UTILITY FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>OCCUPANCY</u>		
Insurance	\$ 78,539.03	\$ 59,649.79
Rent	30,000.00	30,000.00
Telephone	9,245.04	10,873.07
Utilities	5,421.27	4,657.51
	<hr/>	<hr/>
Total Occupancy	123,205.34	105,180.37
 <u>PERSONAL SERVICES</u>		
Cash short/over	-	265.07
Cathodic protection	909.70	8,814.41
Chlorination of water	16,381.55	13,999.97
Electricity	154,503.70	161,145.31
Rentals/permits/taxes	3,349.96	36,386.64
Maintenance and repairs	103,318.78	33,971.22
Maintenance to gas system	44,774.40	17,540.62
Maintenance to sewer system	28,710.24	11,351.09
Maintenance to water system	51,360.78	93,490.21
Meter readers/contractors	55,736.52	-
Purchase and repair of meters	5,300.83	18,398.34
Purchases of gas	1,521,017.32	1,421,202.00
Supplies	35,324.13	35,281.41
Vehicle expense	54,571.43	53,849.47
	<hr/>	<hr/>
Total Personal Services	2,075,259.34	1,905,695.76
 <u>TOTAL OPERATING EXPENSES</u>	 <u>3,665,986.60</u>	 <u>3,316,223.26</u>

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
CEMETERY FUND
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 192,458.13	\$ 202,655.52
Inventory	371,711.71	375,137.23
Accounts receivable, net of allowance for doubtful accounts; \$7,287 in 2008 and 2007	<u>8,471.13</u>	<u>11,327.95</u>
Total Current Assets	572,640.97	589,120.70
Restricted Assets:		
Investments	<u>148,455.49</u>	<u>129,190.72</u>
Total Restricted Assets	148,455.49	129,190.72
Fixed Assets:		
Property, plant and equipment, at cost, net of accumulated depreciation of \$239,933.93 in 2008 and \$217,704.23 in 2007	<u>286,830.95</u>	<u>276,996.40</u>
TOTAL ASSETS	<u><u>1,007,927.41</u></u>	<u><u>995,307.82</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Payable from current assets:		
Accounts payable	<u>60,918.24</u>	<u>27,629.04</u>
Total Current Liabilities (Payable from Current Assets)	60,918.24	27,629.04

CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET (Continued)
CEMETERY FUND
JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Payable from restricted assets:		
Merchandise payable	\$ 83,550.69	\$ 83,044.96
Total Current Liabilities (Payable from Restricted Assets)	<u>83,550.69</u>	<u>83,044.96</u>
Total Current Liabilities	144,468.93	110,674.00
Long-Term Liabilities:		
Compensated absences payable	51,587.73	50,044.40
Merchandise payable	64,904.80	424,442.40
Payable from restricted assets:		
Merchandise payable	<u>408,549.13</u>	<u>46,145.76</u>
Total Long-Term Liabilities	<u>525,041.66</u>	<u>520,632.56</u>
Total Liabilities	669,510.59	631,306.56
Net Assets:		
Invested in capital assets, net of related debt	286,830.95	276,996.40
Restricted for pre-need items	148,455.49	129,190.72
Unrestricted	<u>(96,869.62)</u>	<u>(42,185.86)</u>
Total Net Assets	<u>338,416.82</u>	<u>364,001.26</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1,007,927.41</u></u>	<u><u>995,307.82</u></u>

See Auditors' Report and Accompanying Notes

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET ASSETS
CEMETERY FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>OPERATING REVENUES</u>		
Sale of merchandise, net of cost of goods sold of \$71,210.41 in 2008 and \$60,642.96 in 2007	\$ 166,187.15	\$ 181,533.49
<u>OPERATING EXPENSES</u>		
Administrative	10,404.93	13,278.09
Depreciation	22,229.70	17,435.61
Employee and related expenses	127,892.39	141,010.72
Occupancy	13,368.43	13,225.74
Personal services	15,082.35	11,216.53
Total Operating Expenses	<u>188,977.80</u>	<u>196,166.69</u>
Operating Loss	(22,790.65)	(14,633.20)
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest earned	12,262.13	2,140.40
Lease income	<u>3,922.00</u>	<u>3,922.00</u>
Total Non-Operating Revenues (Expenses)	<u>16,184.13</u>	<u>6,062.40</u>
Loss Before Operating Transfers	(6,606.52)	(8,570.80)

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET ASSETS (Continued)
CEMETERY FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>OPERATING TRANSFERS</u>		
Transfers to General Fund	<u>(18,977.92)</u>	<u>(48,220.01)</u>
Total Operating Transfers	<u>(18,977.92)</u>	<u>(48,220.01)</u>
Change in Net Assets \$	(25,584.44)	\$ (56,790.81)
Net Assets, beginning	364,001.26	421,666.07
Adjustments to prior periods	<u>-</u>	<u>(874.00)</u>
Net Assets, ending	<u><u>338,416.82</u></u>	<u><u>364,001.26</u></u>

See Auditors' Report and Accompanying Notes

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS
CEMETERY FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 240,254.38	\$ 239,529.65
Cash paid to suppliers for goods/services	(69,979.90)	(74,084.87)
Cash paid to employees for services	(126,349.06)	(141,010.72)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	43,925.42	24,434.06
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Operating transfers in	35,022.08	-
Operating transfers out	(54,000.00)	(48,220.01)
	<hr/>	<hr/>
Net Cash Used for Non-Capital Financing Activities	(18,977.92)	(48,220.01)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(32,064.25)	(22,879.05)
	<hr/>	<hr/>
Net Cash Used for Capital and Related Financing Activities	(32,064.25)	(22,879.05)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	12,262.13	2,140.40
Lease income	3,922.00	3,922.00
Purchase/maturities of securities	(19,264.77)	110,152.27
	<hr/>	<hr/>
Net Cash Provided by (Used for) Investing Activities	(3,080.64)	116,214.67
Net Increase (Decrease) in Cash and Cash Equivalents	(10,197.39)	69,549.67
Cash and Cash Equivalents, beginning of year	202,655.52	133,105.85
	<hr/>	<hr/>
Cash and Cash Equivalents, end of year	192,458.13	202,655.52
	<hr/>	<hr/>

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS (Continued)
CEMETERY FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ (22,790.65)	\$ (14,633.20)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	22,229.70	17,435.61
(Increase) decrease in assets:		
Inventory	3,425.52	6,278.98
Accounts receivable	2,856.82	(2,646.80)
Increase (decrease) in liabilities:		
Accounts payable	33,289.20	21,676.47
Merchandise payable	3,371.50	(3,677.00)
Compensated absences payable	1,543.33	-
Net Cash Provided by Operating Activities	<u>43,925.42</u>	<u>24,434.06</u>

See Auditors' Report and Accompanying Notes

CITY OF BAKER, LOUISIANA
COMPARATIVE SCHEDULE OF OPERATING EXPENSES
CEMETERY FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ADMINISTRATIVE</u>		
Association dues	\$ 828.00	\$ 1,227.00
Office supplies	5,501.93	8,994.84
Professional fees	4,075.00	3,056.25
	<hr/>	<hr/>
Total Administrative	10,404.93	13,278.09
 <u>DEPRECIATION</u>	 22,229.70	 17,435.61
 <u>EMPLOYEE AND RELATED EXPENSES</u>		
Employee drug testing	125.00	213.00
Insurance	22,640.71	20,105.55
Retirement	11,882.10	13,304.10
Salaries and overtime	92,331.66	106,350.28
Uniforms	912.92	1,037.79
	<hr/>	<hr/>
Total Employee and Related Expenses	127,892.39	141,010.72
 <u>OCCUPANCY</u>		
Insurance	4,307.28	4,311.73
Telephone	2,716.11	2,673.84
Utilities	6,345.04	6,240.17
	<hr/>	<hr/>
Total Occupancy	13,368.43	13,225.74

CITY OF BAKER, LOUISIANA
COMPARATIVE SCHEDULE OF OPERATING EXPENSES (Continued)
CEMETERY FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>PERSONAL SERVICES</u>		
Bad debt expense	\$ -	\$ -
Equipment rentals	252.72	177.48
Maintenance and repairs	6,767.87	3,376.99
Official journal	874.70	343.84
Trust fees	3,050.78	2,342.72
Vehicle expense	4,136.28	4,975.50
	<hr/>	<hr/>
Total Personal Services	15,082.35	11,216.53
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	188,977.80	196,166.69
	<hr/>	<hr/>

See Auditors' Report and Accompanying Notes

**CITY OF BAKER, LOUISIANA
COMPARATIVE BALANCE SHEET
CITY PARISH SEWER REVENUE FUND
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 198,074.71	\$ 192,157.73
Due from other governmental agencies	4,873.97	9,237.14
	<hr/>	<hr/>
Total Current Assets	202,948.68	201,394.87
Fixed Assets:		
Property, plant and equipment, at cost, net of accumulated depreciation of \$4,075.49 in 2008 and 2007	-	-
	<hr/>	<hr/>
TOTAL ASSETS	<hr/> 202,948.68 <hr/>	<hr/> 201,394.87 <hr/>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Payroll related payables	-	9,069.55
Long-Term Liabilities:		
Compensated absences payable	4,082.97	5,109.73
	<hr/>	<hr/>
Total Liabilities	4,082.97	14,179.28
Net Assets:		
Unrestricted	198,865.71	173,036.31
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<hr/> 202,948.68 <hr/>	<hr/> 187,215.59 <hr/>

See Auditors' Report and Accompanying Notes

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
CITY PARISH SEWER REVENUE FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>OPERATING REVENUES</u>		
City Parish sewer user fees	\$ 52,214.26	\$ 52,166.07
<u>OPERATING EXPENSES</u>		
Administrative	1,000.00	1,000.00
Employee and related expenses	48,449.78	39,616.60
Personal services	10,000.00	18,269.36
Total Operating Expenses	<u>59,449.78</u>	<u>58,885.96</u>
Operating Loss	(7,235.52)	(6,719.89)
<u>OPERATING TRANSFERS</u>		
Transfers from General Fund	<u>18,885.64</u>	<u>-</u>
Change in Net Assets	11,650.12	(6,719.89)
Net Assets, beginning	<u>187,215.59</u>	<u>193,935.48</u>
Net Assets, ending	<u><u>198,865.71</u></u>	<u><u>187,215.59</u></u>

See Auditors' Report and Accompanying Notes

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS
CITY PARISH SEWER REVENUE FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 56,577.43	\$ 52,091.81
Cash paid to suppliers for goods/services	(20,069.55)	69.55
Cash paid to employees for services	(49,476.54)	(39,616.60)
	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	(12,968.66)	12,544.76
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Operating transfers in	18,885.64	-
	<hr/>	<hr/>
Net Cash Provided by Non-Capital Financing Activities	18,885.64	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase/maturities of securities, net	-	104,612.97
	<hr/>	<hr/>
Net Cash Provided by Investing Activities	-	104,612.97
Net Increase in Cash and Cash Equivalents	5,916.98	117,157.73
Cash and Cash Equivalents, beginning of year	192,157.73	75,000.00
	<hr/>	<hr/>
Cash and Cash Equivalents, end of year	198,074.71	192,157.73
	<hr/>	<hr/>

CITY OF BAKER, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS (Continued)
CITY PARISH SEWER REVENUE FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating loss	\$ (7,235.52)	\$ (6,719.89)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:		
(Increase) decrease in assets:		
Accounts receivable	4,363.17	(74.26)
Prepaid expenses	-	10,269.36
Increase (decrease) in liabilities:		
Accounts payable	(9,069.55)	9,069.55
Compensated absences payable	(1,026.76)	-
Net Cash Provided by (Used for) Operating Activities	<u>(12,968.66)</u>	<u>12,544.76</u>

CITY OF BAKER, LOUISIANA
COMPARATIVE SCHEDULE OF OPERATING EXPENSES
CITY PARISH SEWER REVENUE FUND
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ADMINISTRATIVE</u>		
Professional fees	\$ 1,000.00	\$ 1,000.00
<u>EMPLOYEE AND RELATED EXPENSES</u>		
Insurance	6,901.56	6,657.79
Retirement	4,451.44	4,460.70
Salaries and overtime	37,096.78	28,498.11
	<hr/>	<hr/>
Total Employee and Related Expenses	48,449.78	39,616.60
<u>PERSONAL SERVICES</u>		
Postage	10,000.00	18,269.36
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	<u>59,449.78</u>	<u>58,885.96</u>

See Auditors' Report and Accompanying Notes

SUPPLEMENTARY SCHEDULES AND INFORMATION

CITY OF BAKER, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS
YEAR ENDED JUNE 30, 2008

<u>Name</u>	<u>Salary</u>	<u>Retirement</u>	<u>Travel and Insurance</u>	<u>Total</u>
Mayor Rideau	\$ 61,068.00	\$ 8,244.18	\$ 1,666.94	\$ 70,979.12
Councilpersons:				
Pourciau	12,600.00	780.30	1,154.15	14,534.45
Russell	12,600.00	147.90	984.00	13,731.90
Vincent	12,600.00	780.30	2,097.59	15,477.89
Walls	12,600.00	780.30	1,393.15	14,773.45
Welch	12,600.00	780.30	1,028.97	14,409.27
Chief of Police Knaps	60,271.12	.00	657.00	60,928.12
Judge Plaisance	25,000.00	5,100.00	.00	30,100.00
 Total	 209,339.12	 16,613.28	 8,981.80	 234,934.20

Auto leases for Mayor Rideau of \$7,015.56, Police Chief Gautreaux of \$5,701.73 and Police Chief Knaps of \$996.28 are not included in the expenses above. Police Chief Gautreaux resigned his position in March of 2007, at which time Police Chief stepped in to fill this position until an election can be held. The expenses reported for Police Chief Knaps include only those incurred while in this position.

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American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

**REPORT ON COMPLIANCE AND OTHER MATTERS AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Harold Rideau, Mayor
and the Members of the City Council
City of Baker, Louisiana
P. O. Box 707
Baker, Louisiana 70704-0707

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the remaining fund information of the City of Baker, Louisiana, which collectively comprise the basic financial statements as listed in the table of contents, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 17, 2007. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Baker, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Baker, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our

opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Baker, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Baker, Louisiana's internal control over financial reporting.

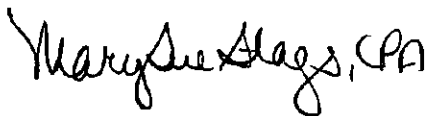
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the governmental agency's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement on the agency's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2008-1 and 2008-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the governmental agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider 2008-1 to be a material weakness.

This report is intended solely for the information and use of management, the City of Baker, Louisiana, the Legislative Auditor and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Mary Sue Stages, CPA,
A Professional Accounting Corporation
March 4, 2009

CITY OF BAKER, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
Major Program		\$ -
Other Federal Awards		
U.S. Federal Emergency Management Agency		
Office of Homeland Security		
<u>Passed Through</u>		
Governor's Office of Homeland Security and Emergency Preparedness		
Law Enforcement Terrorism Prevention Program FY-06	97.067	19,400.00
Assistance to Communities		181,500.00
U.S. Department of Transportation		
<u>Passed Through</u>		
Louisiana Highway Safety Commission		
Police Traffic Services	20.600	9,474.92
U.S. Department of Justice		
Office of Justice Programs		
Bulletproof Vest Partnership		5,690.00
Total Federal Expenditures		216,064.92

Notes to Schedules of Expenditures of Federal Awards
Year Ended June 30, 2008

Basis of Presentation

This schedule of expenditures of federal awards includes the federal grant activity of the City of Baker and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

See Auditors' Report

CITY OF BAKER, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the remaining fund information of the City of Baker, Louisiana, which collectively comprise the basic financial statements as listed in the table of contents, as of and for the year ended June 30, 2008, and have issued our report thereon dated March 4, 2009. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2008, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

1. Report on Compliance and Internal Control Material to the Financial Statements

Compliance	Material Weakness	■ No
	Control Deficiency(ies)	■ No
Internal Control	Material Weakness	■ Yes
	Control Deficiency(ies)	■ Yes

2. Federal Awards

Compliance	Material Weakness	■ No
	Control Deficiency(ies)	■ No
Internal Control	Material Weakness	■ No
	Control Deficiency(ies)	■ No

Section II Financial Statement Findings

2008-1 Timely and Effective Reconciliations

Criteria: The City of Baker, Louisiana's management is responsible for establishing and monitoring a strong internal control system that safeguards its assets and ensures proper reporting. A strong internal control system is one that reduces to an acceptable level of risk the incidents that misstatements in amounts that would be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Condition/Effect: The new accounting software system installed in the subsequent year doesn't appear to provide the information necessary for timely and effective reconciliations between the general and subsidiary ledgers.

**CITY OF BAKER, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

Questioned Costs: The estimated cost of this condition would be dependent on the purchase of a new accounting software package estimated to be more than \$75,000.

Recommendation: Investigate the possibility of purchasing an accounting software package that is conducive to the activity and size of the City of Baker, Louisiana.

Response: "We are aware of the problem and are currently implementing new software that will handle the transactions of the City both from a reporting and auditing perspective. Most departments began utilizing the system on January 1, 2009, while the Utility Department is still in the process of conversion. The anticipated live date for that department is near the end of this year."

2008-2 Utility Billing

Criteria: The City of Baker, Louisiana's management is responsible for establishing and monitoring a strong internal control system that reduces to an acceptable level of risk the incidents that misstatements in amounts that would be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Condition/Effect: There are several utility accounts that did not show any consumption of gas based on the meter readings. As a result, several customers were not billed for a period of more than one year.

Questioned Costs: The estimated cost has not been determined. Those customers impacted are being billed based on average consumption in April and May of 2009, so it is not anticipated that the City will not receive adequate compensation for gas used.

Recommendation: An exceptions report should be printed and thoroughly reviewed prior to each billing cycle. Any unusual occurrences need to be investigated and corrected at that time.

Response: "We are aware of the problem and are currently implementing new procedures and assignment of responsibility to ensure that this does not occur in the future. We are also designing a plan to assess customers' capacities and to replace meters as needed."

2008-3 Compliance with Audit Law

Criteria: Under Louisiana Revised Statute 24:513, the City is required to perform an audit annually to be submitted to the Louisiana Legislative Auditor no later than six months following the close of its fiscal year or December 31st.

Condition/Effect: The City did not submit its annual audit report by December 31, 2008.

Recommendation: The City should make every effort to comply with the audit law. Towards this end, it may be necessary to consider additional help following the close of the fiscal year.

**CITY OF BAKER, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

Questioned Costs: There is no cost related to this recommendation unless additional help is obtained.

Response: "This past year was an exceptionally busy one for the City of Baker. In addition to the additional time and efforts by City personnel as a result of Hurricane Gustav, the City purchased and had begun implementation of a new accounting/reporting software system. The Finance Department was heavily involved in this process requiring a majority of their time away from their offices from June of 2008 through January of 2009. It was never our intent to purposely ignore the requirements of the audit law."

Section III Federal Award Findings and Questioned Costs

N/A

**CITY OF BAKER, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2008**

Section I Internal Control and Compliance Material to the Financial Statements

2007-01 Timely and Effective Reconciliations

Condition: The new accounting software system installed in the current year doesn't appear to provide the information necessary for timely and effective reconciliations between the general and subsidiary ledgers.

Recommendation: Investigate the possibility of purchasing an accounting software package that is conducive to the activity and size of the City of Baker, Louisiana.

Disposition: Partially resolved – new system is currently being implemented City-wide

Section II Internal Control and Compliance Material to Federal Awards

N/A

Section III Management Letter

N/A

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2008**

Section I Internal Control and Compliance Material to the Financial Statements

2008-01 Timely and Effective Reconciliations

Recommendation: Investigate the possibility of purchasing an accounting software package that is conducive to the activity and size of the City of Baker, Louisiana.

Response: "We purchased a new accounting and reporting system. The majority of the departments within the City have been utilizing this new system since January 1, 2009, while the Utility Department is continuing with the conversion process."

2008-02 Utility Billing

Recommendation: An exceptions report should be printed and thoroughly reviewed prior to each billing cycle. Any unusual occurrences need to be investigated and corrected at that time.

Response: "We are aware of the problem and are currently implementing new procedures and assignment of responsibility to ensure that this does not occur in the future. We are also designing a plan to assess customers' capacities and to replace meters as needed."

2008-03 Compliance with Audit Law

Recommendation: The City should make every effort to comply with the audit law. Towards this end, it may be necessary to consider additional help following the close of the fiscal year.

Response: "This past year was an exceptionally busy one for the City of Baker. In addition to the additional time and efforts by City personnel as a result of Hurricane Gustav, the City purchased and had begun implementation of a new accounting/reporting software system. The Finance Department was heavily involved in this process requiring a majority of their time away from their offices from June of 2008 through January of 2009. It was never our intent to purposely ignore the requirements of the audit law."

Section II Internal Control and Compliance Material to Federal Awards

N/A

Section III Management Letter

N/A